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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt to any aspect of this circular or as to the action to be taken, you should consult your stockbrokers, licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Maxnerva Technology Services Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbrokers, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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**MAXNERVA**  
**雲智匯科技服務**

### **MAXNERVA TECHNOLOGY SERVICES LIMITED** **雲智匯科技服務有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1037)**

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO  
ACQUISITION OF INTELLECTUAL PROPERTIES  
INVOLVING THE ISSUE OF CONSIDERATION SHARES  
UNDER SPECIFIC MANDATE;  
AND  
(2) APPLICATION FOR WHITEWASH WAIVER**

**Financial adviser to the Company**



**SOMERLEY CAPITAL LIMITED**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**VEDA | CAPITAL**  
**智略資本**

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Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 6 to 21 of this circular. A letter from the Independent Board Committee is set out on pages 22 to 23 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 53 of this circular.

A notice convening the SGM to be held at 3:00 p.m. on 15 March 2021 at Unit B, 10/F, E168, 166-168 Des Voeux Road Central, Sheung Wan, Hong Kong is set out from pages SGM-1 to SGM-4 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

22 February 2021

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	6
<b>Letter from the Independent Board Committee</b> .....	22
<b>Letter from the Independent Financial Adviser</b> .....	24
<b>Appendix I – Financial information of the Group</b> .....	I-1
<b>Appendix II – Valuation report of the Target Assets</b> .....	II-1
<b>Appendix III – Letter from Somerley in relation to the valuation report of the Target Assets</b> .....	III-1
<b>Appendix IV – General information</b> .....	IV-1
<b>Notice of the SGM</b> .....	SGM-1

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms shall have the meanings set out below:*

“Acquisition”	the proposed acquisition of the Target Assets by the Buyer from the Seller pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement entered into on 24 December 2020 (after trading hours) among the Company, the Buyer and the Seller in respect of the Acquisition
“Announcement”	the announcement of the Company dated 27 December 2020 in relation to, among other things, the Acquisition and the Whitewash Waiver
“Asia-IO Acquisition Fund”	Asia-IO Acquisition Fund, L.P., an exempted limited partnership established in the Cayman Islands and a substantial shareholder of the Company
“associate(s)”	has the same meaning as defined in the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday or a day on which Typhoon No. 8 signal or higher is hoisted or a “black” rainstorm warning is given in Hong Kong at any time during 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong
“Company”	Maxnerva Technology Services Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition and the satisfaction and/or waiver of all conditions as set forth in the Acquisition Agreement
“Completion Date”	within 5 Business Days after all the conditions precedent under the Acquisition Agreement have been fulfilled and/or waived (or such other date as the Buyer and the Seller may agree in writing)

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## DEFINITIONS

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“Consideration”	the consideration of HK\$23.34 million (equivalent to approximately RMB19.84 million) payable by the Buyer for acquisition of the Target Assets pursuant to the Acquisition Agreement, which will be settled by the issuance of the Consideration Shares
“Consideration Share(s)”	the 46,680,000 new Shares to be allotted and issued by the Company to the Seller as payment of the Consideration
“controlling Shareholder”	has the same meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“FSK Holdings”	FSK Holdings Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company
“Foxconn Technology”	Foxconn Technology Company Limited (鴻準精密工業股份有限公司), a company listed on the Taiwan Stock Exchange (stock code: 2354)
“Group”	the Company and its subsidiaries from time to time
“Hon Hai”	Hon Hai Precision Industry Company Ltd. (鴻海精密工業股份有限公司), a company listed on the Taiwan Stock Exchange (stock code: 2317)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board constituted, in compliance with the Listing Rules and the Takeovers Code, to advise and make recommendation to the Independent Shareholders as regards the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver and as to voting

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## DEFINITIONS

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“Independent Financial Adviser”	Veda Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise and make recommendation to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver and as to voting
“Independent Shareholders”	the Shareholders other than (i) the Seller and its associates and concert parties; and (ii) the Shareholders who are involved in or interested in the Acquisition (including the grant of the Specific Mandate) and/or the Whitewash Waiver
“Issue Price”	the issue price of HK\$0.50 per Consideration Share
“Last Trading Date”	23 December 2020, being the last full trading day of the Shares before the issue of the Announcement
“Latest Practicable Date”	19 February 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pan-International”	Pan-International Industrial Corporation (廣宇科技股份有限公司), a company listed on the Taiwan Stock Exchange (stock code: 2328)
“Personify” or “Buyer”	Personify Inc., a company incorporated in Delaware, US and a wholly-owned subsidiary of the Company
“PRC” or “China”	the People’s Republic of China and, for the purpose of this circular, excluding Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Relevant Period”	the period beginning 6 months immediately prior to the date of the Acquisition Agreement and ending on the Latest Practicable Date

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## DEFINITIONS

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“Seller”	Foxconn (Far East) Ltd., a company incorporated in the Cayman Islands and wholly owned by Hon Hai
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held on 15 March 2021 for the purpose of considering and, if thought fit, approving the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver
“Share(s)”	the ordinary share(s) with par value of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 30 August 2013
“Sommerley”	a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser of the Company in relation to the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver
“SK Holdings”	SK Holdings Co., Ltd., a company listed on Korea Exchange (stock code: 034730)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the SGM to grant the authority to the Directors for the allotment and issue of the Consideration Shares to the Seller
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Taiwan Stock Exchange”	Taiwan Stock Exchange Corporation
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Assets”	the Seller’s right, title, benefit and interest in all of the intellectual properties, comprising (i) 26 software components including “Presenter” and “ChromaCam”; (ii) 13 patents in 6 categories including 3D segmentation and immersive video; (iii) 11 domain names; and (iv) trademark of “Personify”
“US”	the United States of America
“Whitewash Waiver”	waiver as may be granted by the Executive under Note 1 on dispensations from Rule 26 of the Takeovers Code in favour of the Seller in respect of its obligation to make a mandatory general offer to the Shareholders in respect of the Shares and securities issued by the Company not already owned or agreed to be acquired by the Seller and its concert parties as a result of the issue of the Consideration Shares
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the US
“%”	per cent.

*Unless otherwise specified, translations of HK\$ into RMB, US\$ into RMB and US\$ into HK\$ in this circular are based on the rates of HK\$1 = RMB0.85, US\$1 = RMB6.61 and US\$1 = HK\$7.78. No representation is made that any amounts in RMB, US\$ and HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.*

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LETTER FROM THE BOARD

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MAXNERVA  
雲智匯科技服務

MAXNERVA TECHNOLOGY SERVICES LIMITED  
雲智匯科技服務有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1037)**

*Executive Directors:*

Mr. Chien Yi-Pin (*Chairman*)  
Mr. Cai Liting (*Chief Executive Officer*)  
Mr. Kao Chao Yang  
Mr. Cheng Yee Pun

*Non-executive Director:*

Mr. Jeon Eui Jong

*Independent non-executive Directors:*

Mr. Tang Tin Lok Stephen  
Mr. Kan Ji Ran Laurie  
Prof. Zhang Xiaoquan

*Registered office:*

Canon's Court, 22 Victoria Street  
Hamilton HM12, Bermuda

*Head office and principal place of business:*

Room 1001, 10/F

Houston Centre

63 Mody Road

Tsim Sha Tsui East

Kowloon, Hong Kong

22 February 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO  
ACQUISITION OF INTELLECTUAL PROPERTIES  
INVOLVING THE ISSUE OF CONSIDERATION SHARES  
UNDER SPECIFIC MANDATE;  
AND  
(2) APPLICATION FOR WHITEWASH WAIVER**

**(A) INTRODUCTION**

The Board is pleased to announce that on 24 December 2020 (after trading hours), the Company, Personify (as the Buyer), a wholly-owned subsidiary of the Company, and the Seller entered into the Acquisition Agreement, pursuant to which the Buyer has conditionally agreed to



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## LETTER FROM THE BOARD

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acquire and the Seller has conditionally agreed to sell all of the Seller's right, title, benefit and interest in the Target Assets and the Company has conditionally agreed to allot and issue the Consideration Shares to the Seller for transferring the Target Assets to the Buyer.

### (B) THE ACQUISITION

#### The Acquisition Agreement

Date: 24 December 2020 (after trading hours)

Parties: (i) the Company;

(ii) Personify (as the Buyer); and

(iii) Foxconn (Far East) Ltd. (as the Seller).

Personify is a company incorporated in Delaware, US and is wholly owned by the Company. Personify is principally engaged in developing and promoting video conference related solutions which primarily include two software applications, "Presenter" and "ChromaCam".

The Seller is a company incorporated in the Cayman Islands with limited liability and is wholly owned by Hon Hai. The Seller is principally engaged in investment holding. Hon Hai is a global manufacturing services provider in the computer, communications and consumer electronics industry whose shares are listed on the Taiwan Stock Exchange, and its single largest shareholder is Mr. Gou Tai-Ming (Terry Gou), who holds 9.68% equity interest in Hon Hai. As at the Latest Practicable Date, Hon Hai held 100.00% equity interest in the Seller, approximately 29.48% equity interest in Foxconn Technology and approximately 26.51% equity interest in Pan-International, which in turn indirectly held 31.5%, 21.0% and 17.5% equity interests in FSK Holdings respectively. Accordingly, Hon Hai indirectly held approximately 42.33% attributable equity interest in FSK Holdings. FSK Holdings was a substantial shareholder of the Company and had interests in 167,236,560 Shares directly and 72,267,562 Shares indirectly through Asia-IO Acquisition Fund, representing approximately 25.53% and 11.04% of the issued share capital of the Company respectively. FSK Holdings is a limited partner of Asia-IO Acquisition Fund contributing to about 75% of its total commitment. The general partner and the investment manager of Asia-IO Acquisition Fund are Asia-IO Acquisition GP Limited and Asia-IO Holdings Limited respectively, both of which are wholly owned by Mr. Tse Tik Yang Denis, a former non-executive Director.

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## LETTER FROM THE BOARD

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### **Assets to be acquired**

Pursuant to the Acquisition Agreement, the Buyer has conditionally agreed to acquire and the Seller has conditionally agreed to sell all of the Seller's right, title, benefit and interest in the Target Assets free and clear of all liens and encumbrances upon Completion. The Target Assets include patents, software components (such as source code for computer vision technology and related software products, namely, "Presenter" and "ChromaCam"), trademark and domain names owned by the Seller and currently licensed to Personify. Except for the patents with remaining useful lives of 12 to 13 years, the software components, the trademark and the domain names have indefinite useful lives.

### **The Consideration**

The consideration for the Acquisition is HK\$23.34 million (equivalent to approximately RMB19.84 million), which shall be fully settled by the allotment and issue, credited as fully paid, of 46,680,000 Consideration Shares at the issue price of HK\$0.50 per Consideration Share to the Seller at Completion. The Target Assets were acquired by the Seller and its associates in 2019 at the original acquisition cost of US\$2.40 million (equivalent to approximately RMB15.86 million).

The consideration was arrived at after arm's length negotiations between the parties to the Acquisition Agreement on normal commercial terms with reference to (i) the future development and application prospects of the Target Assets and the synergies expected to be created by applying the Target Assets in further developing new applications and products and new sub-licensing business model for the Group's existing smart office business, further details of which are set out in the paragraph headed "(D) Reasons for and benefits of the Acquisition and issue of the Consideration Shares" in this letter; (ii) operating and financial performances of Personify in the first ten-month period ended 30 November 2020 as a result of the execution of the licensing arrangement between Personify and the Seller and its associates. Revenue of Personify, which had increased by over 31% from March 2020 to November 2020 and had a monthly average of approximately RMB1.3 million during the aforesaid period, generated based on subscription fee and licence fee for granting the use of the "Presenter" and "ChromaCam" applications etc. to third parties; and (iii) the preliminary valuation of the Target Assets conducted by an independent valuer engaged by the Company; and (iv) the original arm's length acquisition cost to the Seller and its associates. The valuation report of the Target Assets is set out in appendix II to this circular.

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## LETTER FROM THE BOARD

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### Conditions precedent

Completion is subject to the following conditions being satisfied (or waived, as the case may be):

- (a) the Independent Shareholders having passed all necessary resolutions at the SGM to approve the Acquisition Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate and the Whitewash Waiver;
- (b) the Company shall have obtained the approval for listing of and dealing in the Consideration Shares granted by the Stock Exchange;
- (c) the Executive granting the Whitewash Waiver;
- (d) each of the representations and warranties made in the Acquisition Agreement shall be true and correct in all material respects, and not misleading in any material respect, on and as of the date given, and on and as of the Completion Date, with the same force and effect as though such representations and warranties were made on and as of the Completion Date;
- (e) as of the Completion Date, the Seller and the Buyer shall have complied in all material respects with, and shall have fully performed, in all material respects, all conditions, covenants and obligations of the Acquisition Agreement imposed on the Seller and the Buyer respectively and required to be performed or complied with by the Seller and the Buyer at, or prior to, the Completion Date;
- (f) the Seller shall have transferred, delivered and/or made available to the Buyer the Target Assets;
- (g) the Seller shall have delivered, and the Buyer shall have received the documents described in the Acquisition Agreement;
- (h) since the date of the Acquisition Agreement, no event, change, development effect, condition, circumstance, matter, occurrence or state of facts has occurred or exists that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the Target Assets, taken as a whole, and excluding any event, change or condition arising out of general economic conditions, general changes affecting the industry of the Seller, acts of war or acts of God, changes in financial or securities markets, in general, and changes in applicable laws or regulations;

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## LETTER FROM THE BOARD

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- (i) the Seller and its associates shall have terminated and/or procure the termination of any licences, sublicences and any agreement pursuant to which the Seller and its associates grants rights or authority to any other person (including the Buyer) (if any) with respect to any of the Target Assets; and
- (j) fulfillment of closing obligation in relation to the delivery of, including but not limited to, (I) the Target Assets; (II) the duly executed original Share certificates in respect of the Consideration Shares; (III) a copy of record for the grant of approval for listing of and dealing in the Consideration Shares from the Stock Exchange; (IV) a copy of the letter from the Executive granting the Whitewash Waiver; (V) a copy of the minutes or written resolutions of the board of directors of the Buyer and the Seller approving the Acquisition Agreement and the transactions contemplated thereunder; and (VI) a copy of the minutes of the Shareholders approving the Acquisition, the grant of the Specific Mandate and the Whitewash Waiver.

The Whitewash Waiver as mentioned in condition (c) above, if granted by the Executive, will be subject to, among other things, approval of at least 75% votes by the Independent Shareholders present and voting (either in person or by proxy) in respect of the Whitewash Waiver and more than 50% votes of the Independent Shareholders present and voting (either in person or by proxy) in respect of the Acquisition at the SGM by way of poll.

The Buyer may waive conditions (d) to (f) and (j) above and the Seller may waive conditions (d), (e) and (j) by notice in writing to the other parties to the Acquisition Agreement whereas conditions (a) to (c) and (g) to (i) are not capable of being waived. If the above conditions precedent are not fulfilled by the one hundred and twentieth day after the date of signing of the Acquisition Agreement (i.e. by 23 April 2021), the Acquisition Agreement shall terminate automatically.

As at the Latest Practicable Date, none of the above conditions was fulfilled or waived.

### **Completion**

Upon fulfillment and/or waiver of all the conditions precedent set out above, Completion shall take place on the Completion Date.

### **(C) CONSIDERATION SHARES**

The Consideration Shares will be issued at HK\$0.50 per Share, which represents:

- (i) a discount of approximately 39.0% to the closing price of HK\$0.820 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

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## LETTER FROM THE BOARD

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- (ii) a premium of approximately 4.17% over the closing price of HK\$0.480 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (iii) a discount of approximately 0.40% to the average closing price of approximately HK\$0.502 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to and including the Last Trading Date;
- (iv) a premium of approximately 0.81% over the average closing price of approximately HK\$0.496 per Share as quoted on the Stock Exchange for the ten consecutive trading days of the Shares immediately prior to and including the Last Trading Date;
- (v) a discount of approximately 4.58% to the average closing price of approximately HK\$0.524 per Share as quoted on the Stock Exchange for the thirty consecutive trading days of the Shares immediately prior to and including the Last Trading Date;
- (vi) a discount of approximately 18.03% to the audited consolidated net asset value of approximately RMB0.52 (equivalent to approximately HK\$0.61) per Share as at 31 December 2019, calculated based on the audited consolidated net asset value of the Group attributable to owners of the Company of RMB343,185,000 (equivalent to approximately HK\$403,747,059) as at 31 December 2019 divided by the total number of Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 21.88% to the unaudited consolidated net asset value of approximately RMB0.54 (equivalent to approximately HK\$0.64) per Share as at 30 June 2020, calculated based on the unaudited consolidated net asset value of the Group attributable to owners of the Company of RMB356,405,000 (equivalent to approximately HK\$419,300,000) as at 30 June 2020 (as disclosed in the Company's interim results announcement for the six months ended 30 June 2020) divided by the total number of Shares in issue as at the Latest Practicable Date.

When allotted and issued at Completion, the Consideration Shares will represent approximately:

- (i) 7.13% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (ii) 6.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company prior to Completion).

The Consideration Shares are to be issued by the Company under the Specific Mandate to be granted by the Independent Shareholders to the Directors at the SGM. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue.

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## LETTER FROM THE BOARD

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The Issue Price was arrived at after arm's length negotiations among the parties to the Acquisition Agreement after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.

An application has been made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

### **(D) REASONS FOR AND BENEFITS OF THE ACQUISITION AND ISSUE OF CONSIDERATION SHARES**

The Group is principally engaged in (i) smart office business; (ii) industrial solution business; and (iii) new retail business. In particular, the Group has started developing its smart office business since 2016 and the current business scope of smart office business is defined as the provision of video conference related solutions plus brand licensing and supply chain management of smart office equipment. As mentioned in the interim report of the Company for the six months ended 30 June 2020, revenue and profit of the smart office business segment soared 240% and 210% to RMB134.4 million and RMB6.0 million respectively during the first half of 2020 as compared to that of 2019. Part of the revenue of this segment was generated from Personify, which engages in development and marketing of two software applications, namely "Presenter" and "ChromaCam", in the US, Europe and selected regions in Asia for the purpose of enhancing video conference experience or streaming services. "Presenter" uses sophisticated computer vision and deep learning technique to digitally extract users' face on top of any application or website running on the computer. It creates intimacy and surprise to the audience and improve engagement. "ChromaCam" creates a virtual "webcam" that can be used in any application to blur or replace the background. Personify serves two group of customers, namely retail and corporate customers. The software applications for retail customers are mainly conducted through periodic or one-off subscriptions. Corporate customers are able to subscribe the applications or embed the technology in their own existing software or web-based products on negotiated fees. Personify derives revenue from the royalty payable by both group of customers for the subscription of software applications.

Personify has appointed a professor of a university in the US as an adviser since 2020 who is the co-founder of the original business and the inventor of the patents included in the Target Assets. Under his leadership, Personify has built a team with over 30 technical experts in maintaining and developing the software applications and related platform. For the business development end, there are sales and marketing agencies and consultants to help bringing in corporate clients to Personify on commission basis. Personify has commenced business and recorded revenue since February 2020. The Company plans to devote more resources in both sales and marketing and research and development areas of Personify since new business model and new products may be developed after the Acquisition.

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## LETTER FROM THE BOARD

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Ever since the outbreak of the novel coronavirus pneumonia (COVID-19) pandemic (the “**Pandemic**”), substantial changes have been made to people’s lifestyle as well as workstyle and demand for the video conferencing related applications have increased dramatically since video conferencing becomes a part of the new normal following the Pandemic induced lockdown and people are largely required to work from home, and the Group also foresees that in the long run, people and businesses will be more get used to and adapting to the use of video conferencing and online smart office services even after the Pandemic. In view of the above, the Company intends to allocate more internal resources to the smart office business segment to grasp the possible business opportunities that arise from the fundamental change to the society caused by the Pandemic.

Given the above, the Company intends to continue developing Personify’s business. However, since the intellectual property rights (i.e. the Target Assets) are only being licensed to Personify by the Seller and its associates, the Directors are concerned that the growth of Personify might be hindered in the long run without the ownership of the Target Assets. The Directors consider the Acquisition to be crucial to the Group for its development in the smart office business segment as (i) it may enable the Group to formulate a more comprehensive business development and marketing strategy by exploring every available business options including, but not limited to, generate additional licensing fee for granting others to use its technology by sub-licensing the patents and/or providing access to the source code or related software development kit that Personify cannot do so now under the current licensing agreement with the Seller and its associates; (ii) it is expected to provide the Group with more incentive to deploy resources to develop new and existing applications and products for Personify; (iii) it will be cost-saving in the long run as the Group will no longer have to pay the licence fee for the Target Assets after the Acquisition; and (iv) it will eliminate the uncertainties of the continuity of the current licensing arrangement between Personify and the Seller and its associates as there is no guarantee that Hon Hai will renew the existing licensing agreement upon its expiry of the one year term. Furthermore, the Acquisition will be settled by issuance of the Consideration Shares to the Seller and the Directors consider this to be beneficial to the Group as it enables the Group to retain more cash to endure the worsening economic environment due to the Pandemic.

Overall, the Directors (excluding the members of the Independent Board Committee whose view is set out in the letter from the Independent Board Committee contained in this circular) are of the view that the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver are on normal commercial terms, fair and reasonable and (i) in the interests of the Independent Shareholders; and/or (ii) in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### (E) SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately before the issue of the Consideration Shares; and (iii) immediately after the issue of the Consideration Shares:

	As at the Latest Practicable Date		Immediately before the issue of the Consideration Shares				Immediately after the issue of the Consideration Shares			
			Assuming none of the outstanding share options will be exercised		Assuming all outstanding share options held by the Seller and its concert parties (whether or not exercisable) at the time of the issue of Consideration Shares		Assuming none of the outstanding share options will be exercised		Assuming all outstanding share options held by the Seller and its concert parties (whether or not exercisable) at the time of the issue of Consideration Shares	
	Approximate		Approximate		Approximate		Approximate		Approximate	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Seller	-	-	-	-	-	-	46,680,000	6.65%	46,680,000	6.65%
FSK Holdings	167,236,560	25.53%	167,236,560	25.53%	167,236,560	25.51%	167,236,560	23.84%	167,236,560	23.81%
Asia-IO Acquisition Fund	72,267,562	11.04%	72,267,562	11.04%	72,267,562	11.02%	72,267,562	10.30%	72,267,562	10.29%
Mr. Chien Yi-Pin (Note 1)	18,430,738	2.81%	18,430,738	2.81%	18,430,738	2.81%	18,430,738	2.63%	18,430,738	2.63%
Mr. Cheng Yee Pun (Note 2)	-	-	-	-	800,000	0.12%	-	-	800,000	0.11%
Sub-total of the Seller and its concert parties	257,934,860	39.38%	257,934,860	39.38%	258,734,860	39.46%	304,614,860	43.42%	305,414,860	43.49%
Other Shareholders	396,928,588	60.62%	396,928,588	60.62%	396,928,588	60.54%	396,928,588	56.58%	396,928,588	56.51%
Total	654,863,448	100.0%	654,863,448	100.0%	655,663,448	100.0%	701,543,448	100.0%	702,343,448	100.0%

*Note 1:* Mr. Chien Yi-Pin is an executive Director and the chairman of the Board. Mr. Chien is the general manager of D Group, a business group within Hon Hai, and was a director of Hon Hai. All such 18,430,738 Shares were held by, Ms. Kan, Sachiko, the wife of Mr. Chien and accordingly Mr. Chien is deemed to be interested in the relevant Shares.

*Note 2:* Mr. Cheng Yee Pun is an executive Director. Mr. Cheng is also presumed to be acting in concert with Mr. Chien Yi-Pin by virtue of presumption class (6) of the definition of “acting in concert” under the Takeovers Code.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company had an authorised share capital of HK\$100 million divided into 1,000 million Shares of HK\$0.1 each and the Company had an issued share capital of HK\$65,486,344.8 divided into 654,863,448 Shares of HK\$0.1 each. In addition, the Company had outstanding share options convertible into 9,160,000 Shares, of which 3,500,000 share options and 5,660,000 share options have exercise prices of HK\$1.684 and HK\$0.686 respectively. Save for the aforesaid share options, the Company did not have any outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares as at the Latest Practicable Date.

### **(F) LISTING RULES AND TAKEOVERS CODE IMPLICATIONS**

#### **Listing Rules implications**

As one or more of the relevant percentage ratios applicable to the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Hon Hai held 100.00% equity interest in the Seller, approximately 29.48% equity interest in Foxconn Technology and approximately 26.51% equity interest in Pan-International, which in turn indirectly held 31.5%, 21.0% and 17.5% equity interests in FSK Holdings respectively. Accordingly, Hon Hai indirectly held approximately 42.33% attributable equity interest in FSK Holdings. FSK Holdings was a substantial shareholder of the Company and had interests in 167,236,560 Shares directly and 72,267,562 Shares indirectly through Asia-IO Acquisition Fund, representing approximately 25.53% and 11.04% of the issued share capital of the Company respectively. FSK Holdings is a limited partner of Asia-IO Acquisition Fund contributing to about 75% of its total commitment. Despite Hon Hai does not fall within the ambit of an associate of FSK Holdings under the Listing Rules, the Company voluntarily complies with the reporting, announcement, circular and Independent Shareholders' approval requirements for the transactions contemplated under the Acquisition Agreement as if Hon Hai is a connected person of the Company under Chapter 14A of the Listing Rules.

Among the Directors, Mr. Chien Yi-Pin is the general manager of D Group, a business group within Hon Hai, and was a director of Hon Hai; Mr. Cheng Yee Pun is presumed to be acting in concert with Mr. Chien Yi-Pin; Mr. Cai Liting and Mr. Kao Chao Yang are either the director or senior management of Hon Hai's subsidiaries, and Mr. Jeon Eui Jong is a vice president at SK Holdings (which holds 30% equity interest in FSK Holdings), and therefore, out of good corporate governance, each of them has abstained from voting on the resolutions of the Board approving the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver.

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## LETTER FROM THE BOARD

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### **Takeovers Code implications**

The issue of the Consideration Shares to the Seller will result in the increase in shareholding of the Seller and its concert parties in the Company from approximately 39.38% to approximately 43.42% (assuming that no Shares will be issued from the Latest Practicable Date until Completion). Accordingly, such an increase will give rise to an obligation under Rule 26 of the Takeovers Code for the Seller to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and other securities issued by the Company not already held or agreed to be acquired by the Seller and its concert parties unless the Whitewash Waiver is obtained.

An application has been made by the Seller to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of the Independent Shareholders at the SGM. The Seller and parties acting in concert with it and the Shareholders who are involved in or interested in the Acquisition (including the grant of the Specific Mandate) and/or the Whitewash Waiver, including but not limited to FSK Holdings, Asia-IO Acquisition Fund and Ms. Kan, Sachiko, will abstain from voting on the resolutions to approve the Acquisition (including the grant of the Specific Mandate) and the Whitewash Waiver at the SGM.

It is one of the conditions of the Acquisition Agreement that the Whitewash Waiver be granted by the Executive and be approved by the Independent Shareholders at the SGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Acquisition will not proceed.

The Directors (excluding the members of the Independent Board Committee whose view is set out in the letter from the Independent Board Committee contained in this circular) believe that the terms of the Acquisition Agreement and the transaction contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver, being part of the Acquisition, are on normal commercial terms, fair and reasonable and (i) in the interests of the Independent Shareholders; and/or (ii) in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### (G) OTHER INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

The Seller confirmed that as at the Latest Practicable Date:

- (i) neither the Seller nor parties acting in concert with it has received an irrevocable commitment from anyone to vote for the Acquisition (including the grant of the Specific Mandate) and/or the Whitewash Waiver;
- (ii) save for the proposed allotment and issue of the Consideration Shares under the Acquisition, the shareholding interests in the Company held by the Seller and its concert parties as disclosed in the shareholding table on page 14 of this circular, the Seller and parties acting in concert with it, including but not limited to, Mr. Gou Tai-Ming (Terry Gou) and Mr. Tse Tik Yang Denis, do not hold or control any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iii) neither the Seller nor parties acting in concert with it has entered into outstanding derivative in respect of securities in the Company;
- (iv) there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Seller, which might be material to the transactions contemplated under the Acquisition Agreement (including the grant of the Specific Mandate) or the Whitewash Waiver, with any other persons;
- (v) the Seller and parties acting in concert with it have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and
- (vi) there is no agreement or arrangement to which the Seller or any party acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the transactions contemplated under the Acquisition Agreement (including the grant of the Specific Mandate) or the Whitewash Waiver.

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## LETTER FROM THE BOARD

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The Seller has confirmed that it and parties acting in concert with it have not acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of or otherwise deal in, voting rights in the Company in the six months prior to and up to and including the Latest Practicable Date.

As at the Latest Practicable Date, the Company did not believe that the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the Latest Practicable Date, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before Completion. The Company notes that the Executive may not grant the Whitewash Waiver if the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver do not comply with other applicable rules and regulations.

The Company will ensure the information contained in this circular remains accurate up to and including the date of the SGM and shall notify the Independent Shareholders as soon as possible if there is any material change to such information in accordance with Rule 9.1 of the Takeovers Code.

In addition,

- (i) apart from the Consideration Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Company, the Buyer and their respective concert parties to the Seller or any parties acting in concert with it in connection with the Acquisition;
- (ii) there is no understanding, arrangement, agreement or special deal between the Seller or any party acting in concert with it on the one hand, and the Company and its concert parties on the other hand; and
- (iii) there is no understanding, arrangement or agreement or special deal between (1) any Shareholder; and (2)(a) the Seller and any party acting in concert with it, or (b) the Company, its subsidiaries or associated companies.

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## LETTER FROM THE BOARD

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### **(H) ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

In compliance with Rule 2.8 of the Takeovers Code, an independent committee of the Board comprising all non-executive Director and independent non-executive Directors who have no direct or indirect interest in the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver should be established. However, although Mr. Jeon Eui Jong is a non-executive Director, he, being a vice president at SK Holdings (which holds 30% equity interest in FSK Holdings), is considered to have conflict of interest in advising on the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver and therefore has not been appointed as a member of the Independent Board Committee in accordance with Rule 2.8 of the Takeovers Code. Therefore, the Independent Board Committee, comprising all the independent non-executive Directors, has been established to consider the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver, and advise the Independent Shareholders as to whether the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver are on normal commercial terms, fair and reasonable and (i) in the interests of the Independent Shareholders; and/or (ii) in the interests of the Company and the Shareholders as a whole and to give its recommendation as to the voting in respect of the resolutions to be proposed at the SGM for approving the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver, after taking into account the recommendation of the Independent Financial Adviser.

In this connection, the Board has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders and provide recommendation on whether the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver are on normal commercial terms, fair and reasonable and (i) in the interests of the Independent Shareholders; and/or (ii) in the interests of the Company and the Shareholders as a whole and to give its recommendation as to the voting in respect of the resolutions to be proposed at the SGM for approving the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

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## LETTER FROM THE BOARD

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### **(I) WARNING**

**The Executive may or may not grant the Whitewash Waiver and in the event that it is not granted, the Acquisition Agreement shall lapse and the Acquisition will not proceed.**

**Completion of the Acquisition is subject to the satisfaction and/or waiver of the conditions precedent under the Acquisition Agreement and therefore, may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **(J) INTENTION OF THE SELLER AND ITS CONCERT PARTIES**

The Seller and its concert parties intend to continue the existing businesses of the Group and maintain the listing status of the Company on the Stock Exchange following Completion.

The Seller and its concert parties have no intention to introduce any change to the existing business of the Group including any redeployment of the fixed assets of the Group or terminate the continued employment of the employees of the Group.

### **(K) SPECIAL GENERAL MEETING**

The SGM will be held to consider and, if thought fit, approve, among others, the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver. Notice of the SGM is set out on pages SGM-1 to SGM-4 of this circular. At the SGM, the Seller and parties acting in concert with it and the Shareholders who are involved in or interested in the Acquisition (including the grant of the Specific Mandate) and/or the Whitewash Waiver, including but not limited to FSK Holdings, Asia-IO Acquisition Fund and Ms. Kan, Sachiko, are required to abstain from voting. As at the Latest Practicable Date:

- i. FSK Holdings held 167,236,560 Shares, representing approximately 25.53% of the issued share capital of the Company;
- ii. Asia-IO Acquisition Fund held 72,267,562 Shares, representing approximately 11.04% of the issued share capital of the Company; and
- iii. Ms. Kan, Sachiko, the wife of Mr. Chien Yi-Pin, an executive Director, held 18,430,738 Shares, representing approximately 2.81% of the issued share capital of the Company.

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## LETTER FROM THE BOARD

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Except as disclosed above, no other Shareholder is required to abstain from voting on the resolutions to approve the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver at the SGM.

Moreover, to ensure only Independent Shareholders will vote on the resolutions proposed at the SGM in case they have appointed the chairman of the SGM as a proxy, the chairman of the SGM will not be a party acting in concert with the Seller and its concert parties.

### **(L) RECOMMENDATION**

You are advised to read carefully the letter from the Independent Board Committee on pages 22 to 23 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 24 to 53 of this circular, consider that (a) the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms, fair and reasonable and (i) in the interests of the Independent Shareholders; and/or (ii) in the interests of the Company and the Shareholders as a whole; and (b) the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver at the SGM.

The Board considers that (1) the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms, fair and reasonable and (i) in the interests of the Independent Shareholders; and/or (ii) in the interests of the Company and the Shareholders as a whole; and (2) the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned, and recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

### **(M) ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Maxnerva Technology Services Limited**  
**Chien Yi-Pin**  
*Chairman*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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MAXNERVA  
雲智匯科技服務

MAXNERVA TECHNOLOGY SERVICES LIMITED  
雲智匯科技服務有限公司

*(Incorporated in Bermuda with limited liability)*

(Stock code: 1037)

22 February 2021

*To the Independent Shareholders*

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO  
ACQUISITION OF INTELLECTUAL PROPERTIES  
INVOLVING THE ISSUE OF CONSIDERATION SHARES  
UNDER SPECIFIC MANDATE;  
AND  
(2) APPLICATION FOR WHITEWASH WAIVER**

Dear Sir or Madam,

We refer to the circular of the Company dated 22 February 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether (a) the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms, fair and reasonable and (i) in the interests of the Independent Shareholders; and/or (ii) in the interests of the Company and the Shareholders as a whole; and (b) the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter from the Independent Financial Adviser as set out on pages 24 to 53 of this circular.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the Acquisition Agreement and the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as set out in its letter of advice, we consider that (a) the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) are on normal commercial terms, fair and reasonable and (i) in the interests of the Independent Shareholders; and/or (ii) in the interests of the Company and the Shareholders as a whole; and (b) the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to approve the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver at the SGM.

Yours faithfully,  
for and on behalf of  
the Independent Board Committee

**Mr. Tang Tin Lok Stephen**  
*Independent non-executive  
Director*

**Mr. Kan Ji Ran Laurie**  
*Independent non-executive  
Director*

**Prof. Zhang Xiaoquan**  
*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from Veda Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver, which has been prepared for the purpose of inclusion in the Circular.*

**VEDA | CAPITAL**  
**智 略 資 本**

**Veda Capital Limited**  
Room 1106, 11/F,  
Wing On Centre,  
111 Connaught Road Central,  
Hong Kong

22 February 2021

*To: Independent Board Committee and Independent Shareholders of  
Maxnerva Technology Services Limited*

*Dear Sirs,*

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO  
ACQUISITION OF INTELLECTUAL PROPERTIES  
INVOLVING THE ISSUE OF CONSIDERATION SHARES  
UNDER SPECIFIC MANDATE;  
AND  
(2) APPLICATION OF WHITEWASH WAIVER**

### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver, details of which are set out in the Circular dated 22 February 2021 issued by the Company to the Shareholders, of which this letter forms part. Terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 24 December 2020 (after trading hours), the Company, Personify (as the Buyer), a wholly-owned subsidiary of the Company, and the Seller entered into the Acquisition Agreement, pursuant to which, the Buyer has conditionally agreed to acquire and the Seller has conditionally agreed to sell all of the Seller's right, title, benefit and interest in the Target Assets and the Company has conditionally agreed to allot and issue the Consideration Shares to the Seller.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Consideration is HK\$23.34 million, which shall be fully settled by the allotment and issue, credited as fully paid, of 46,680,000 Consideration Shares at the issue price of HK\$0.50 per Consideration Share to the Seller at Completion. The Consideration Shares are to be issued by the Company under the Specific Mandate to be granted by the Independent Shareholders at the SGM.

The Target Assets included patents, software components, trademark and domain names owned by the Seller and currently licensed to Personify.

As set out in the letter from the Board (the “**Board Letter**”) in the Circular, Hon Hai holds 100.00% equity interest in the Seller, approximately 29.48% equity interest in Foxconn Technology and approximately 26.51% equity interest in Pan-International, which in turn indirectly holds 31.50%, 21.00% and 17.50% equity interests in FSK Holdings respectively. Hon Hai indirectly holds approximately 42.33% attributable equity interest in FSK Holdings. FSK Holdings is a substantial Shareholder and has interests in 167,236,560 Shares directly and 72,267,562 Shares indirectly through Asia-IO Acquisition Fund, representing approximately 25.53% and approximately 11.04% of the issued share capital of the Company respectively. FSK Holdings is a limited partner of Asia-IO Acquisition Fund contributing to about 75% of its total commitment. Despite Hon Hai does not fall within the ambit of an associate of FSK Holdings under the Listing Rules, the Company voluntarily complies with the reporting, announcement, circular and Independent Shareholders’ approval requirements for the transactions contemplated under the Acquisition Agreement as if Hon Hai is a connected person of the Company under Chapter 14A of the Listing Rules.

The issue of the Consideration Shares to the Seller will result in the increase in shareholding of the Seller and its concert parties in the Company from approximately 39.38% to approximately 43.42% (assuming that no Shares will be issued from the Latest Practicable Date until Completion). An application has been made by the Seller to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of at least 75% votes by the Independent Shareholders present and voting (either in person or by proxy) in respect of the Whitewash Waiver and more than 50% votes of the Independent Shareholders present and voting (either in person or by proxy) in respect of the Acquisition (including the grant of the Specific Mandate) at the SGM by way of poll. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Acquisition will not proceed.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Seller and parties acting in concert with it and the Shareholders who are involved in or interested in the Acquisition and/or the Whitewash Waiver, including but not limited to FSK Holdings, Asia-IO Acquisition Fund and the wife of Mr. Chien Yi-Pin, will abstain from voting on the resolutions to approve the Acquisition and the Whitewash Waiver at the SGM.

In compliance with Rule 2.8 of the Takeovers Code, an independent committee of the Board comprising all non-executive Director and independent non-executive Directors who have no direct or indirect interest in the Acquisition and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver should be established. However, as Mr. Jeon Eui Jong, a non-executive Director, who is a vice president at SK Holdings (which holds 30% equity interest in FSK Holdings), is considered to have conflict of interest in advising on the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver, he has not been appointed as a member of the Independent Board Committee. Accordingly, the Independent Board Committee, being all the independent non-executive Directors, has been established to consider the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver, and advise the Independent Shareholders as to whether the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver, are on normal commercial terms, fair and reasonable, in the interests of the Independent Shareholders and to give its recommendation as to the voting in respect of the resolutions to be proposed at the SGM for approving the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver, after taking into account the recommendation of the Independent Financial Adviser.

We, Veda Capital, with the approval of the Independent Board Committee, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders and to provide recommendation on whether the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver are on normal commercial terms, fair and reasonable, in the interests of the Independent Shareholders and to give our recommendation as to the voting in respect of the resolutions to be proposed at the SGM for approving the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OUR INDEPENDENCE

As at the Latest Practicable Date, we are not associated or connected with the Company or the Seller or their respective directors, controlling shareholders or any party acting, or presumed to be acting, in concert with any of them and accordingly, we are considered eligible to give independent advices on the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser, there were no other engagements between us and the Group or the Seller. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or the Seller and the parties acting in concert with any of them. Accordingly, we considered that we are independent pursuant to Rule 2 of the Takeovers Code to act as the Independent Financial Adviser to give independent advices on the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Directors and/or the representatives of the Company.

We have assumed that all statements, information and representations provided by the Directors and/or the representatives of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Independent Shareholders will be notified of any material changes to such statements, information, opinions and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and/or the representatives of the Company (as the case may be) in the Circular were reasonably made after due enquiries and careful consideration. We have no reason to suspect any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, which would make any statements therein misleading.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter. We consider that we have been provided with sufficient information and have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, the Seller and their respective subsidiaries or associates (if applicable).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons. Our conclusions are based on the results of all analyses taken as a whole.

#### 1. Information of the Group and the Buyer

##### *The Group*

The Group included several new business initiatives and repositioned its existing business portfolio starting from year 2020 and is currently principally engaged in (i) smart office business (the “**Smart Office**”); (ii) industrial solution business (the “**Industrial Solutions**”); and (iii) new retail business (the “**New Retail**”).

The current business scope of Smart Office is defined as the provision of video conference related solutions (the “**Video Conference**”) plus brand licensing and supply chain management of smart office equipment.

The current business scope of Industrial Solutions consists of solutions for industrial uses and these solutions include the implementation of a combination of software system and robotic automation equipment to enable smart processes that lower costs and increase operational effectiveness as well as the implementation of facial recognition system for labour and security management, and facility monitor and control system for monitoring the water, power and gas usage for production plants etc. In addition, it also involves in daily operating services and after-installation maintenance work in relation to those Industrial Solutions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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New Retail is a new business segment of the Company starting from 2020. It is principally engaged in providing innovative advertising initiatives such as interactive touch-screen marketing displays and proprietary advertising displays and systems to retailers in the US and Taiwan.

### ***The Buyer***

Personify is a company incorporated in Delaware, US and is wholly owned by the Company. Personify is principally engaged in developing and promoting Video Conference which primarily include two software applications, namely “Presenter” and “ChromaCam”.

Presenter uses sophisticated computer vision and deep learning technique to digitally extract users’ face on top of any application or website running on the computer. It creates intimacy and surprise to the audience and improve engagement.

ChromaCam creates a virtual “webcam” that can be used in any application to blur or replace the background.

The Company advised that it expects Smart Office will continue to be its growth driver in 2021 and onwards because Video Conference has become a part of the new normal ever since the outbreak of the novel coronavirus pneumonia (COVID-19) pandemic (the “**Pandemic**”) and people are largely required to work from home. With the ownership of the Target Assets, the Company will (i) be more willing to deploy resources to develop new and existing applications and products by utilising the Target Assets; and (ii) be able to derive additional business model to sub-license the patents within the Target Assets to external parties for licensing fee whereas licensees of the patents are not able to do so.

### ***Business and financial information of the Group***

Below sets out the summary financial information of the Group for the two years ended 31 December 2018 and 2019 and for the six months ended 30 June 2019 and 2020, which were extracted from the annual/interim reports of the Company respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*For the six months ended 30 June 2020*

	<b>For the six months ended 30 June</b>		
	<b>2020</b>	<b>2019 (note)</b>	<b>YOY changes</b>
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	%
<b>Revenue</b>	257,864	152,924	68.62
– <i>Smart Office Business</i>	134,437	39,580	239.66
– <i>Industrial Solution Business</i>	114,439	113,344	0.97
– <i>New Retail Business</i>	8,988	–	–
<b>Gross profit</b>	38,995	27,935	39.59
<b>Profit for the year attributable to Shareholders</b>	9,713	6,030	61.08
	<b>As at</b>		
	<b>30 June</b>	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>changes</b>
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)	%
<b>Total assets</b>	559,888	527,428	6.15
<b>Trade and lease receivables</b>	213,510	226,354	(5.67)
<b>Net asset value attributable to Shareholders</b>	356,405	343,185	3.85

*Note:* Prior to the Group's repositioning of its business in early 2020, the business of the Group was categorized as (i) smart manufacturing business; (ii) other Internet-of-Things and system integration business; and (iii) information technology services business. The smart manufacturing business, information technology services business and the industrial related segment of other Internet-of-Things and system integration business have been categorized under the Industrial Solution, while the rest (i.e. office related segment) of other Internet-of Things and system integration business, together with the Personify business, has formed the Smart Office business. The segment information for the six months ended 30 June 2019 was restated as the current business segments of the Group for comparison purpose.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the interim report of the Company for the six months ended 30 June 2020 (the “**IR2020**”), the Group recorded revenue for the six months ended 30 June 2020 in the amount of approximately RMB257.86 million, representing an increase of approximately 68.62% as compared to that of the six months ended 30 June 2019 in the amount of approximately RMB152.92 million. As advised by the Company, the increase in revenue was mainly driven by the Smart Office, due to, amongst other reasons, the soaring demand for the Group’s video conferencing applications that was believed as a result of the Pandemic induced lockdown and that people are largely required to work from home. As a result, the segment revenue of the Smart Office increased from approximately RMB39.58 million for the six months ended 30 June 2019 to approximately RMB134.44 million for the six months ended 30 June 2020.

As advised by the Company, the operations of Industrial Solutions have been recovering in the PRC since the initial outbreak of the Pandemic in the first quarter of 2020. The Industrial Solutions recorded a slight increase in revenue for the six months ended 30 June 2020 as compared to that for the six months ended 30 June 2019 and the operations of this segment is expected to continue to grow in the future.

The newly introduced New Retail recorded revenue in the amount of approximately RMB8.99 million for the six months ended 30 June 2020. As advised by the Company, although the operations of the new advertising initiatives were temporarily distorted by the Pandemic in the US, the operations in Taiwan were not as affected given that the operation environment was less affected by the Pandemic. The Group was able to complete installation of its advertising solutions in 600 stores of a sizable supermarket in Taiwan in 2020. The Company is expecting the overall retail sector will gradually improve in second half of 2021 after the rollout of the vaccination programs. The Company is cautiously optimistic on the operations of this segment.

The Group recorded a profit attributable to Shareholders for the six months ended 30 June 2020 in the amount of approximately RMB9.71 million, representing an increase in profit of approximately 61.08% as compared to that for the six months ended 30 June 2019 in the amount of approximately RMB6.03 million. As advised by the Company, the increase in profit was due to the increase in revenue that was driven by the Smart Office segment as previously mentioned.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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The Group's unaudited total assets as at 30 June 2020 amounted to approximately RMB559.89 million, including but not limited to, cash and cash equivalents of approximately RMB223.36 million and trade and lease receivables of approximately RMB213.51 million, representing a decrease of approximately 5.67% as compared to that as at 31 December 2019 in the amount of approximately RMB226.35 million. The trade and lease receivable have dropped and improved due to the Group's increasing efforts on debt collection and aging debt monitoring under the current economic downturn. The Group's unaudited net asset value attributable to Shareholders increased by approximately 3.85% to approximately RMB356.41 million as at 30 June 2020 from approximately RMB343.19 million as at 31 December 2019.

*For the financial year ended 31 December 2019*

	<b>For the financial years</b>		
	<b>ended 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>YOY changes</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
	(audited)	(audited)	
<b>Revenue</b>	430,995	326,188	32.13
<b>Gross profit</b>	77,205	125,831	(38.64)
<b>Profit for the year attributable to Shareholders</b>	11,575	1,440	703.82
	<b>As at 31 December</b>		
	<b>2019</b>	<b>2018</b>	<b>YOY changes</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
	(audited)	(audited)	
<b>Total assets</b>	527,428	457,425	15.30
<b>Net asset value attributable to Shareholders</b>	343,185	329,654	4.10

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group recorded revenue for the year ended 31 December 2019 in the amount of approximately RMB431.00 million, representing an increase of approximately 32.13% as compared to that of the year ended 31 December 2018 in the amount of approximately RMB326.19 million. As advised by the Company, the increase in revenue was mainly due to the increased revenue generated from its other Internet-of-Things and system integration business segment in the amount of approximately RMB232.60 million for the year ended 31 December 2019 as compared to that of approximately RMB105.52 million for the year ended 31 December 2018, which is caused by stronger execution of all sub-line businesses of the segment, including the roll-out of facial recognition system to Hon Hai Group's operated industrial parks in the PRC, and the completion of a number of video surveillance and conference, smart classroom and display-related projects for various Taiwan-based customers, including the National Taiwan University Cancer Center, Taipei Main station and a handful of primary schools in Taiwan.

The Group recorded a profit attributable to Shareholders for the year ended 31 December 2019 in the amount of approximately RMB11.58 million, representing an increase of approximately 703.82% as compared to that for the year ended 31 December 2018 in the amount of approximately RMB1.44 million. As advised by the Company, the notably increase in profit was mainly because of (i) higher revenue due to stronger projects execution in the PRC's industrial parks and to Taiwan-based customers as mentioned in the above; (ii) a reduction in selling and distribution expenses in the amount of approximately RMB2.82 million; (iii) a significant decrease in the provision made for the impairment of the trade receivables during the year ended 31 December 2019 as compared to the impairment of the trade receivables of approximately RMB57.1 million during the year end 31 December 2018 that will be elaborated in the sub-section headed "For the financial year ended 31 December 2018" below; and (iv) the reduction in income tax expense in the amount of approximately RMB8.91 million due to over-provision of income tax in prior years and reduction of PRC corporate income tax.

The Group's audited total assets as at 31 December 2019 amounted to approximately RMB527.43 million, including but not limited to, cash and cash equivalents of approximately RMB183.79 million and trade and lease receivables of approximately RMB226.35 million. The Group's audited net asset value attributable to Shareholders increased by approximately 4.10% to approximately RMB343.19 million as at 31 December 2019 from approximately RMB329.65 million as at 31 December 2018.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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*For the financial year ended 31 December 2018*

	<b>For the financial year ended 31 December 2018</b>	<b>For the nine months ended 31 December (note) 2017</b>	<b>YOY changes</b>
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	%
<b>Revenue</b>	326,188	335,384	(2.74)
<b>Gross profit</b>	125,831	104,862	20.00
<b>Profit for the year attributable to Shareholders</b>	1,440	42,718	(96.63)
	<b>As at 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>YOY changes</b>
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	%
<b>Total assets</b>	457,425	509,062	(10.14)
<b>Net asset value attributable to Shareholders</b>	329,654	328,874	0.24

*Note:* As disclosed in announcement of the Company dated 31 August 2017, the Company changed its financial year end date from 31 March to 31 December in 2017 to align the financial year end date with its major operating subsidiaries in the PRC which are statutorily required to have their financial year end date set at 31 December. As a result, the figures shown above covers only a nine-month period from 1 April 2017 to 31 December 2017 and a twelve-month period from 1 January 2018 to 31 December 2018.

The Group recorded revenue for the year ended 31 December 2018 in the amount of approximately RMB326.19 million, representing a decrease of approximately 2.74% as compared to that for the nine months ended 31 December 2017 in the amount of approximately RMB335.38 million. As advised by the Company, the decrease in revenue was mainly attributable to the decrease in orders of Internet-of-Things products to the Group during the year ended 31 December 2018 by US customer (the “**Customer**”) to be further elaborated in the below paragraph.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group recorded a profit attributable to Shareholders for the year ended 31 December 2018 in the amount of approximately RMB1.44 million, representing a decrease of approximately 96.63% as compared to that for the nine months ended 31 December 2017 in the amount of approximately RMB42.72 million. As advised by the Company, the decrease in profit was a result of the provision of an impairment of RMB57.1 million on the trade receivable of the Customer. The Group delivered a significant amount of products to this Customer in the second half of 2017. However, the sales volumes of the product during the financial year ended 31 December 2018 were far below expectation and this Customer has been raising fund to finance its payment to its suppliers at that point of the time. Except that a small amount of money had been received from this customer in March 2018, the remaining receivable from this Customer was largely unpaid as at 31 December 2018. After a careful assessment of the collectability of the due balance, an impairment of approximately RMB57.1 million was made to cover all the balance due from this Customer.

The Group's audited total assets as at 31 December 2018 amounted to approximately RMB457.43 million, including but not limited to, cash and cash equivalents of approximately RMB140.14 million and trade and lease receivables of approximately RMB231.07 million. The Group's audited net asset value attributable to Shareholders increased by approximately 0.24% to approximately RMB329.65 million as at 31 December 2018 from approximately RMB328.87 million as at 31 December 2017.

## 2. Information of the Seller and the Target Assets

### *The Seller*

The Seller is a company incorporated in Cayman Islands with limited liability and is wholly owned by Hon Hai. The Seller is principally engaged in investment holding.

Hon Hai is a global manufacturing services provider in the computer, communications and consumer electronics industry whose shares are listed on the Taiwan stock exchange. Its single largest shareholder is Mr. Guo Tai-Ming (Gou Terry), who holds approximately 9.68% equity interest in Hon Hai.

### *The Target Assets*

The Target Assets included patents, software components (such as source code for computer vision technology and related software components), trademark and domain names owned by the Seller and currently licensed to Personify.

Having considered that the Group, through Personify, is principally engaged in the Smart Office business, in particular, in video conferencing, we are of the view that the Acquisition of the Target Assets is conducted in the ordinary course of business of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Reasons for and benefits of the Acquisition

As set out in the Board Letter, ever since the outbreak of the Pandemic, substantial changes have been made to people's lifestyle as well as workstyle. The demands for the video conferencing related applications have increased dramatically since video conferencing becomes a part of the new normal following the Pandemic. The Group foresees that in the long run, people and businesses will be more adapting to the use of video conferencing and online smart office services even after the Pandemic. Accordingly, the Company intends to allocate more internal resources to the smart office business segment to grasp the possible business opportunities that arise from the fundamental change to the society resulting from the Pandemic. Given the above, the Company intends to continue developing its Smart Office business segment and Personify's business.

However, since the intellectual property rights (i.e. the Target Assets) are only being licensed to Personify by the Seller and its associates, the Directors are concerned that the growth of Personify might be hindered in the long run without the ownership of the Target Assets.

The Directors consider the Acquisition to be crucial to the Group for its development in the Smart Office. The Acquisition, among other matters, (i) may enable the Group to formulate a more comprehensive business development and marketing strategy by exploring every available business options including, but not limited to, generate additional licensing fee for granting others to use its technology by sub-licensing the patents and/or providing access to the source code or related software development kit that Personify cannot do so now under the current licensing agreement with the Seller and its associates; (ii) provides the Group with more incentive to deploy resources to develop new and existing applications and products of the Group's Smart Office business by applying the Target Assets, to such end the obtaining and control of the know-hows in and source code of the Target Assets would be crucial; (iii) will be cost-saving in the long run as the Group will no longer have to pay the license fee for the Target Assets after the Acquisition; and (iv) will eliminate the uncertainties of the continuity of the current licensing arrangement between Personify and the Seller and its associates as there is no guarantee that Hon Hai will renew the existing licensing agreement upon its expiry of the one year term.

In view of the above, we were given to understand that (i) the ownership of the Target Assets would provide the Group with more incentive and less uncertainties to deploy resources to develop new and existing applications and products of the Group's Smart Office business; (ii) upon Completion, the Group may sub-license the Target Assets to other parties for additional licensing income; (iii) the Acquisition aligns with the Group's development to facilitate expansion of the Group's Smart Office segment and copes with the expected growing industry demand for smart office solutions within the information and communication technology ("ICT") industry; and (iv) the Acquisition is conducted in the ordinary course of the Group's business.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Demand for smart office solutions and the ICT industry*

Since the outspread of the Pandemic in early 2020, Smart Office solutions have been massively applied around the world to alleviate the adverse impacts of the Pandemic. For instance, since the Pandemic, governments in various countries have imposed lockdowns and travel restrictions, different size corporates/companies have encouraged work-from-home practices while universities/college/schools have also encouraged their students to study-from-home to avoid further spreading of the problems associated with the Pandemic. Under such circumstances, coupled with well-developed communicative internet networks, the demands for Smart Office solutions, including but not limited to, Video Conference which contains advantages over traditional face-to-face meetings (such as reduced travel expenses and time, increased attendance of meetings and work productivity, allowed real-time interactions despite of different locations), which already have been gaining attention before the Pandemic, has noticeably surged in 2020 which can be further illustrated by the increase in numbers of downloading of video conferencing related applications such as Zoom, Cloud Meetings and Google Meet in 2020.

### *The ICT industry*

ICT refers to different types of communications networks and the technologies used in such communications networks. The ICT sector combines manufacturing and services industries whose products primarily fulfil or enable the function of information processing and communication by electronic means, including transmission and display. As stated in a study report titled “Pandemic in the Internet Age: communications industry responses” (the “**ICT Report**”) published in June 2020 by International Telecommunication Union (“**ITU**”), a specialized agency of the United Nations (<https://www.un.org/>), an intergovernmental organization, responsible for all matters related to ICT, it is believed that in general, telecommunications in all its various forms makes significant contributions to productivity, competitiveness and economic growth and that the ICT sector has demonstrated significant flexibility in its response to the Pandemic crisis. ICT tools and knowledge can be deployed in multiple ways to enable the continuance of many social and economic activities to an extent that would be impossible otherwise under the Pandemic and improve society’s capacity to deal with future threats. Moreover, business and social use of communications will need to make semi-permanent adaptations to social distancing regimes imposed by the governments or embraced by society.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The ICT Report provided an illustration of the actual and potential responses of the various components of the technology sector to the Pandemic over period denoted (i) the “Emergency”, characterized by strong mandatory lockdown of various sectors of the economy; (ii) the “Recovery”, characterized by the gradual cautious relaxation of lockdown conditions; and (iii) the “New Normal”, the period after the Pandemic, and stated (partially) as below,

	<b>Emergency</b>	<b>Recovery</b>	<b>New Normal</b>
Individuals	<ul style="list-style-type: none"> <li>- social distancing mandated</li> <li>- move to online work, education, socializing, commerce and retailing</li> </ul>	<ul style="list-style-type: none"> <li>- adapt to new work, education, social practices</li> </ul>	<ul style="list-style-type: none"> <li>- social distancing as new normal</li> <li>- wearing masks becomes fashion</li> <li>- online proficiency improvement</li> </ul>
Business/Corporate sector	<ul style="list-style-type: none"> <li>- implement work from home</li> <li>- adapt on-site work practices to minimize contact</li> </ul>	<ul style="list-style-type: none"> <li>- design and embed new work practices</li> <li>- redesign workplaces for reduced contact and crowding</li> </ul>	<ul style="list-style-type: none"> <li>- what is better online stays online</li> <li>- new logistics and supply chains</li> <li>- reduced business travels</li> </ul>
Government	<ul style="list-style-type: none"> <li>- require social distancing</li> <li>- impose lockdowns</li> <li>- limit international travel</li> </ul>	<ul style="list-style-type: none"> <li>- cautiously adjust lockdown parameters</li> <li>- focus on economic efficiency</li> </ul>	<ul style="list-style-type: none"> <li>- promote economy wide efficiency measures</li> </ul>

*Source: ITU and the ICT Report (www.itu.int)*

The ICT Report also stated that the shift to remote working and education alone constitutes a substantial new experience and it is unrealistic to expect that this change will have no ongoing effect in the “New Normal”. Even if the virus threat completely recedes, new habits and expectations formed during the Pandemic (e.g. webinars, conferences, business meetings, work-from-home, study-from-home, online shopping etc.) will likely result in permanent changes in demand for services. In the case of traveling, it may be affected by the potential risk of pandemic threat and likely lead to a permanent increase in demand for rich communication systems that are substantially video based.

Based on our research above, we expect the shift in the habits and behaviors formed during the Pandemic will serve to drive the demand for effective solution for business/social communications, and as such, the Acquisition as contemplated under the Acquisition Agreement shall enhance the development in the Group’s Smart Business.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Financial effects after the Acquisition*

Upon Completion, it is expected that the Acquisition will have the following financial effects on the Group

#### *Assets and liabilities*

Assuming that the Completion had taken place, the total assets of the Group is expected to increase as a result of the Acquisition subject to the market value of the Target Assets and the net assets of the Group is expected to increase proportionally as a result of the Acquisition and the issue and allotment of the Consideration Shares.

#### *Liquidity*

Since the Acquisition will be payable by way of issuance of the Consideration Shares, no cash outflow is expected and there will be no material change to the cash level of the Group and therefore the cash and cash equivalents would remain unchanged and maintain at approximately RMB223.36 million upon Completion.

Having considered the above, in particular that (i) the Acquisition is conducted in the ordinary course of business of the Group and it is the Group's intention to continue to develop the Smart Business; (ii) the Target Assets help further developing the Smart Office by enabling the establishment of new sub-licensing business model and also providing the Group with more incentive to deploy resources into developing new and existing applications and products of the Group's Smart Office business; (iii) Smart Office provides different advantages as compared to, among other things, traditional in-person meetings; (iv) the increasing usage of Video Conference in the "New Normal" as suggested in the ICT Report as a result of the Pandemic; (v) the Group will own the right of use of the Target Assets after the Acquisition and will therefore eliminate the uncertainties of the continuity of the current licensing arrangement between Personify and the Seller and its associates; and (vi) the assets and net assets of the Group will increase as a result of the Acquisition, the amount of which will be subject to the market value of the Target Assets and the issue and allotment of the Consideration Shares upon Completion, we considered that the entering of the Acquisition Agreement and the transactions contemplated thereunder represented a good investment opportunity with development potential and is in the interests of the Independent Shareholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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#### 4. Principal terms of the Acquisition Agreement

<b>Date</b>	24 December 2020 (after trading hours)
<b>Parties</b>	(i) the Company;  (ii) Personify (as the Buyer); and  (iii) Foxconn (Far East) Ltd. (as the Seller)
<b>Assets to be acquired</b>	All of the Seller's right, title, benefit and interest in the Target Assets free and clear of all liens and encumbrances upon Completion

#### *The Consideration*

The Consideration in the amount of HK\$23.34 million. As set out in the Board Letter, it was arrived at after arm's length negotiations among the parties to the Acquisition Agreement on normal commercial terms with reference to (i) the future development and application prospects of the Target Assets and the synergies expected to be created by applying the Target Assets in further developing new applications and products and new sub-licensing business model for the Group's existing smart office business; (ii) operating and financial performances of Personify in the first ten months period ended 30 November 2020 as a result of the execution of the licensing arrangement between Personify and the Seller and its associates and result in additional revenue generated based on subscription fee and license fee from granting the use of the "Presenter" and "ChromaCam" applications etc. to third parties; (iii) the preliminary valuation of the Target Assets (the "**Valuation**") conducted by an independent valuer engaged by the Company; and (iv) the original arm's length acquisition cost to the Seller and its associates.

#### *The Valuation*

The report for the Valuation (the "**Valuation Report**") was prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the "**Valuer**") to determine the market value of the Target Assets as at 30 November 2020 (the "**Valuation Date**"). As set out in the Valuation Report contained in Appendix II to the Circular, the market value of the Target Assets is USD3,005,000 as at the Valuation Date. The Valuer has conducted the Valuation in accordance with International Valuation Standards issued by International Valuation Standards Council and the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by the Stock Exchange.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In reviewing the Valuation Report, we have complied with the requirements under Note 1(d) to Rule 13.80(2)(b) of the Listing Rules and paragraph 5.3 of the Corporate Finance Adviser Code of Conduct Rule. In particular, we have reviewed and enquired the qualification and experience of the Valuer and bases and assumptions adopted by the Valuer, and discussed with the Valuer its expertise and noted that the person signing the Valuation Report (“**Mr. Chan**”), the executive director of the Valuer, is a fellow member of “The Royal Institution of Chartered Surveyors” and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries, including the valuation of intellectual properties in the PRC, Hong Kong, Singapore and the United States. Given the Target Assets comprise of intellectual property, we considered Mr. Chan possesses relevant experience for the purpose of the Valuation. We also reviewed the engagement letter entered into between the Company and the Valuer that, the scope of work was appropriate to the opinion given and there were no limitations on the scope of work which might adversely impact the degree of assurance given.

Based on the above, we are satisfied that the Valuer and Mr. Chan are qualified, experienced, competent and with the expertise in performing the valuations of the Target Assets and the bases and assumptions adopted by the Valuer have been made with due care and objectivity and on a reasonable basis, and therefore, we are satisfied that reliance could fairly be placed on the valuation of the Target Assets conducted by the Valuer.

The Valuer has also confirmed that (i) it is independent to the Group, the Buyer and the Seller and their respective connected persons and concert parties; (ii) it was not aware of any relationship or interest between itself and the Group or any other parties that would reasonably be considered to affect its independence to act as an independent valuer for the Company; (iii) its fee is not contingent upon its conclusion of value; and (iv) apart from normal professional fees payable to it in connection with their engagement for the valuation, they had no other engagement with the Group, the Buyer, the Seller and their respective connected persons and concert parties.

### *Valuation methodologies*

In assessing the fairness and reasonableness of the Consideration, we have reviewed the Valuation and discussed with the Valuer the methodology of, and bases and assumptions adopted for, the Valuation.

We were given understand that the Valuer has considered three generally accepted approaches to appraise the Target Assets, namely cost approach, income approach and market approach. Given the unique characteristics of the Target Assets, there are substantial limitations for the income approach and the cost approach for in performing the Valuation by the Valuer since (i) the income approach requires subject assumptions to which the valuation is highly sensitive and that detailed operational information and long-term financial projections are also needed but was not available as at the Valuation Date; and on the other hand, (ii) the cost approach does not directly incorporate information about the economic benefits contributed by the Target Asset.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Accordingly, the Valuer adopted the market approach in deriving the market value of the Target Assets as of the Valuation Date. The Valuer also considers the benefits of this approach include its simplicity, clarity, speed and the need for few or no assumptions; moreover, introduces objectivity in application as publicly available inputs are used in conducting the Valuation.

We understand that the market approach can be applied through two commonly used methods, namely guideline public company method and the comparable transaction method. As set out in the Valuation Report, as it was considered to be difficult to acquire sufficient and timely information of comparable transaction on transactions involving assets that are same or similar to the Target Assets, the market value of the Target Assets is developed through the guideline public company method of which it requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the market value of the Target Assets.

The Valuer applied the Price-to-Sales multiple ("**P/S Multiple**") in appraising the market value of the Target Assets for the following reasons,

- In the Valuation, the Target Asset is the technology asset instead of the business operation of Personify. The economic benefit directly attributable to the Target Assets can be represented by a theoretical royalty income (the "**Royalty Income**") to be generated from out-licensing the Target Assets; and
- Using multiples benchmarking earnings would require estimation of maintenance costs of the Target Assets and such estimation would involve numerous assumptions.

### ***Major assumptions in the Valuation***

We have also reviewed and discussed with the Valuer the major assumptions that were made in determining the market value of the Target Assets. According to the International Valuation Standards, market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". Since no unusual matters had come to our attention that led us to believe that the Valuation Report was not prepared on a reasonable basis, we believe that the Valuation fairly represents the market value of the Target Assets and forms a fair and reasonable basis for our further assessment on the Consideration. It should also be noted that as P/S Multiple of the comparable companies have assumed perpetual cash flow while the Target Assets has a finite useful life, the Valuer has made corresponding adjustments (the "**P/S Adjustment**") in relation to the useful life of the Target Assets. These assumptions and the formula, as retrieved from Bloomberg, for the calculation of the P/S Adjustment are set out in the Valuation Report in Appendix II to the Circular.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We further understand that in deriving the Valuation, the Valuer has also normalized the annual revenue of Personify by annualizing the average monthly revenue of Personify from March to November 2020 (monthly revenue for February 2020 was excluded because subscription business for retail segment had not yet started and only a small amount of revenue from corporate segment was generated in the first month of business commencement) based on the financial information of the Personify provided by the Company to the Valuer. The normalized annual revenue was then used for multiplying a market royalty rate of 23.0% (the “**Royalty Rate**”) applied by the Valuer, which refers to the royalty income charged by the owner of a licensed intellectual property as a percentage of the respective licensee’s economic benefits such as revenue generated as a result of such intellectual property, to derive the implied Royalty Income of the owner from the Target Assets (i.e. the Seller) in order to illustrate the market return to the owner directly attributable to the Target Assets when it is out-licensed. As a result, the use of the Royalty Income would allow the Valuation to better demonstrate and quantify the economic benefits directly attributable to the Target Assets as compared to the use of Personify’s sales revenue which would capture the value of the entire business. We were advised by the Valuer that the Royalty Rate was determined by the average of the transacted royalty rates pursuant to the respective agreements of four available market comparable transactions (the “**Royalty Transactions**”) as sourced from Royalty Source Intellectual Property Database, a data provider in the intellectual property industry with 30 years of experience and data of which are primarily sourced from the US Securities and Exchange Commission Filings which ensures the accuracy and reliability of the data. Therefore, it is generally considered as an objective and credible public source and is a commonly adopted source for the access of royalty rates of other transactions in the market. We discussed with and understood from the Valuer that as over 60% of the revenue of Personify was generated from the US, the Valuer had therefore made reference to license agreements which were sourced from the US Securities and Exchange Commission Filings. Moreover, except for the software components, the rest of the Target Assets are also registered in the US and therefore comparison based on information sourced from the US Securities and Exchange Commission Filings is appropriate.

As advised by the Valuer, the Valuer initially obtained a total of 33 royalty transactions related to computer vision technology from Royalty Source Intellectual Property Database. The Valuer then further apply the criteria of (i) having revenue or gross sales as royalty calculation base of royalty rate; and (ii) having agreement dates after 1 January 2014 to select the Royalty Transactions which were the latest transactions involved in a licensor licensing its licensee in respect of computer-vision technology in exchange for a royalty income based on the agreed royalty rate as set out in their respective agreements. Given that (i) the royalty income by multiplying the royalty rate will allow the Valuer to derive an estimation of market return directly attributable to the Target Assets; and (ii) the nature for each of the Royalty Transactions are relevant to the sense that the Seller is currently generating revenue through the Target Assets in a similar and comparable way, we are of the view that the Royalty Transactions are fair and representative for the Valuer’s assessment of the Royalty Rate which shall provide a reasonable basis to derive for the royalty income (i.e. direct return) attributable from the Target Assets on Personify.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *P/S Multiple comparables selection*

As stated in the Valuation Report, in calculating and determining the market P/S Multiple, a list of comparable companies was identified based on the certain selection criteria including (i) companies derive most, if not all, of their revenues from the same/ closely related industry of the Target Assets, i.e. development of computer vision technology and related software; (ii) companies are searchable in Bloomberg; (iii) companies are public listed in the US and/or Hong Kong and/or PRC exchange, which are the top three stock exchanges in the world as of the Valuation Date in terms of market capitalisation and IPO fund raised in 2020 and therefore considered to be more authoritative and reputable; and (iv) sufficient data, including the P/S Multiple as at the Valuation Date of the comparable companies is available.

It is of our understanding that the Valuer did not include the criterion of confining the geographical segment of revenue to the US due to the fact that technology has minimal localities. Therefore, even though these comparable companies may not serve in the same geographical region, they are considered relevant to the Target Assets for the purpose of the Valuation.

In satisfying the abovementioned criteria, the Valuer has come up with an exhaustive list of 7 comparable companies (the “**P/S Comparables**”). Based on their respective descriptions found on the Bloomberg’s website, we are aware that each of the P/S Comparables are principally engaged in the technology services sector and/or providing software solutions that are similar and relatable to the Target Assets and thus we believe the P/S Comparables will provide a reasonable basis to derive a market P/S Multiple.

As explained under the section headed “Calculation of Valuation Result” in the Valuation Report set out in Appendix II to the Circular, under the guideline public company method of the market approach, the Valuation was determined as follow,

Annualized Revenue (as sourced from Personify’s financial information) x Market Royalty Rate of 23.0% (as derived from the average of similar market comparable transactions, i.e. the Royalty Transactions) in generating a royalty income in the amount of USD523,000. Further multiplying such income with the adjusted P/S Multiple of 5.75 times (as based on information retrieved from Bloomberg), the market value of the Target Assets as at 30 November 2020 was calculated to be in the amount of USD3,005,000 (which is equivalent to approximately HK\$23.38 million based on the exchange rate of USD1 = HK\$7.78), representing a premium of approximately 0.17% over and almost equivalent to the Consideration.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on our analysis on the Valuation (including the Valuer, methodology and corresponding samples selection) that it is in line with market practices, forms a fair and reasonable basis for our assessment on the Consideration; and given that the Consideration is at premium of approximately equal to the Valuation, we are of the view that the Consideration is fair and reasonable and in the interests of the Independent Shareholders.

### *The Issue Price*

The Consideration Shares will be issued at HK\$0.50 per Share, which represents:

- (i) a discount of approximately 39.02% to the closing price of HK\$0.820 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 4.17% over the closing price of HK\$0.480 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (iii) a discount of approximately 0.40% to the average closing price of approximately HK\$0.502 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the Last Trading Date;
- (iv) a premium of approximately 0.81% over the average closing price of approximately HK\$0.496 per Share as quoted on the Stock Exchange for the ten consecutive trading days of the Shares immediately prior to the Last Trading Date;
- (v) a discount of approximately 4.58% to the average closing price of approximately HK\$0.524 per Share as quoted on the Stock Exchange for the thirty consecutive trading days of the Shares immediately prior to the Last Trading Date;
- (vi) a discount of approximately 18.03% to the audited consolidated net asset value of approximately RMB0.52 (equivalent to approximately HK\$0.61) per Share as at 31 December 2019, calculated based on the audited consolidated net asset value of the Group attributable to owners of the Company of RMB343,185,000 (equivalent to approximately HK\$403,747,059) as at 31 December 2019 divided by the total number of Shares in issue as at the Latest Practicable Date;
- (vii) a discount of approximately 21.88% to the unaudited consolidated net asset value of approximately RMB0.54 (equivalent to approximately HK\$0.64) per Share as at 30 June 2020, calculated based on the unaudited consolidated net asset value of the Group attributable to owners of the Company of RMB356,405,000 (equivalent to approximately HK\$419,300,000) as at 30 June 2020 (as disclosed in the Company's interim results announcement for the six months ended 30 June 2020) divided by the total number of Shares in issue as at the Latest Practicable Date; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

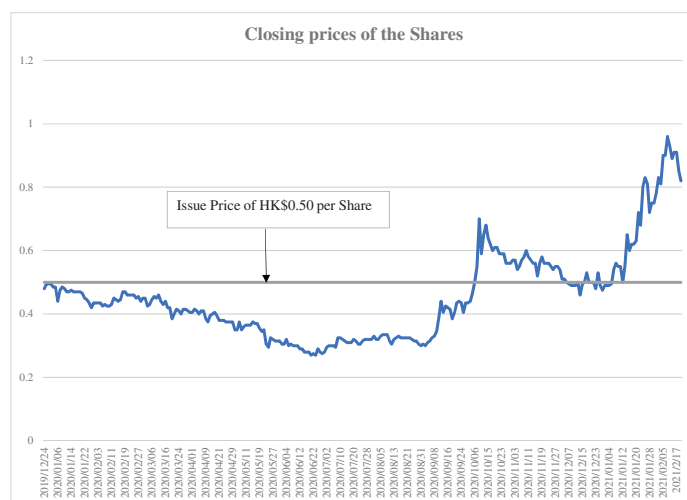
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(viii) a discount of approximately 19.35% to the adjusted unaudited consolidated net asset value of approximately HK\$0.62 per Share as at 30 June 2020, calculated based on the assumption that the Acquisition had been completed as at 30 June 2020 and the sum of unaudited consolidated net asset value of the Group attributable to owners of the Company of RMB356,405,000 (equivalent to approximately HK\$419,300,000) as at 30 June 2020 and amount of the Consideration Shares of HK\$13,070,400 (being the number of Consideration Shares of 46,680,000 shares times the closing price of the Shares of HK\$0.28 on 30 June 2020) divided by the enlarged total number of Shares of 701,543,448.

With reference to the Board Letter and as advised by the Company, the Issue Price was arrived at after arm's length negotiations among the parties to the Acquisition Agreement after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.

### ***Historical price performance of the Shares***

The graph below illustrates the historical closing prices of the Shares as quoted on the Stock Exchange during the period from 24 December 2019 (being the date one year prior to the Last Trading Date) and up to and including the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is fair, adequate, representative and sufficient to illustrate the general trend and level of movement of recent closing prices of the Shares for conducting a reasonable comparison among the historical closing prices of the Shares and the Issue Price. The comparison of daily closing prices of the Shares and the Issue Price is illustrated as follows,



Source: Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in the above, the closing prices of the Shares have fluctuated between a range from HK\$0.270 per Share to HK\$0.960 per Share with an average closing price of the Share of approximately HK\$0.454 per Share (the “**Average Closing Price**”) during the Review Period. The Issue Price represents a premium of approximately 10.10% over the Average Closing Price during the Review Period.

We noted that the closing prices of the Shares have spiked in the October of 2019, and as advised by the Company, it is suspected that such increase was associated with the general increase in new technology-related stocks during that period.

### ***Issue Price Comparable***

As part of our analysis, we have identified transactions (the “**Price Comparables**”) based on the following selection criteria (the “**Criteria**”),

- (i) acquisitions involving issue of shares as part of the consideration which is similar to the transaction under the Acquisition Agreement (but not necessarily involving whitewash waiver application as the Price Comparables focuses on the fairness and reasonableness of issue price of new consideration shares in the relevant market examples, which shall be the fundamental issue that concerns the interests of the Company and the Independent Shareholders);
- (ii) target subject(s)/company(ies) of the respective transactions is related/engaged in relation to the information technology sector; and
- (iii) were announced by the companies listed on the Stock Exchange from 24 June to 24 December 2020 (i.e. six months period prior to the date of the Acquisition Agreement) (the “**Comparable Period**”) which we considered as sufficient and appropriate for the analysis because (a) comparable transactions during such period are close to the date of Acquisition Agreement; and (b) there are sufficient comparable companies in this period for our analysis.

Based on the said Criteria, we have identified 12 Price Comparables which we consider to be exhaustive. Independent Shareholders should be noted that the subject companies involved in the Price Comparables may have different nature of business operations, market capitalizations, financial performance and financial position as compared with those of the Company. However, as the Price Comparables fulfilling the Criteria can provide a general reference of the issue price in the market, we consider the Price Comparables may be used as a reference to assess the fairness and reasonableness of the Issue Price.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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For each of the Price Comparables identified, we compared the premium or discount of its issue price to (i) the closing price of the shares as at the last trading day immediately prior to the publication of the respective announcement; and (ii) the average closing price of the shares for the five trading days immediately prior to the publication of the respective announcement, as summarised in the following table,

Date	Company (stock code)	Subject businesses	Premium/(discount) of issue/subscription price over/(to)	
			the closing price of the shares as at the Last Trading Date immediately prior to the announcement (approx. %)	the average closing price of the shares for the last five trading days immediately prior to the announcement (approx. %)
18 February 2021	Sinopharm Tech Holdings Limited (8156)	Provision of services of design, production and customisation of anti-counterfeiting devices	(12.50)	9.8
11 February 2021	Pan Asia Data Holdings Inc. (1561)	Providing artificial intelligence-enabled algorithmic solutions	(53.45)	(51.44)
29 Dec 2020	CA Cultural Technology Group Limited (1566)	IP Rights for animation	4.60	3.82
24 Dec 2020	Yeahka Limited (9923)	Online advertising agency	0.00	3.59
14 Dec 2020	China Fordoo Holdings Limited (2399)	Online automobile-trading platform	(19.94)	(18.81)
7 Dec 2020	SDM Group Holdings Limited (8363)	Innovative education services	0.00	(0.09)
13 Nov 2020	Forgame Holdings Limited (484)	Digital storage service/software	0.00	(10.32)
9 Nov 2020	7Road Holdings Limited (797)	Online mobile games	(0.37)	0.00
26 Oct 2020	Hengten Networks Group (136)	Telecommunication/tv-programme production and data processing	(9.09)	(9.64)
22 Oct 2020	VONGROUP Limited (318)	Multi-functional cloud platforms, digital management/virtual events	(15.10)	(15.40)
10 Sep 2020	ZZ Capital International Limited (8295)	Provision of customer services solutions	(43.90)	(45.60)
31 Jul 2020	E-House (China) Enterprise Holdings Limited (2048)	Online real-estate services provider	(15.57)	(10.12)
Size	12 comparables	Minimum	(53.45)	(51.44)
		Maximum	4.60	9.80
		Average	(13.78)	(12.02)
		Median	(10.80)	(9.88)
24 Dec 2020	<b>The Company</b>	<b>Target Assets – rights for interactive communication solutions</b>	<b>4.17</b>	<b>(0.40)</b>

Source: Website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in the table above, the issue price of the relevant Price Comparables ranged from (i) a discount of approximately 53.45% to a premium of approximately 4.60% over the closing price of the shares as at the last trading day immediately prior to the publication of the respective announcement (the “**Market Range**”); and (ii) a discount of approximately 51.44% to a premium of approximately 9.80% over the average closing price of the shares for the five trading days immediately prior to the publication of the respective announcement (the “**5-Days Range**”). It is noted that the premium of the Issue Price to the closing price on the Last Trading Date of approximately 4.17% is within and above the average and the median of the Market Range and the slight discount of the Issue Price to the last five trading days immediately prior to the Last Trading Date of approximately 0.40% is within and above the average and the median of the 5-Days Range. Given that the Price Comparables have a sufficient sample size and the aforesaid premium and slight discount of the Issue Price are above the respective mean and median of the Price Comparables, we are of the view that the Issue Price is fair and reasonable.

Independent Shareholders should also be mindful that the Share prices after the Last Trading Date are not useful in gauging the attractiveness of the Issue Price with historical Share prices as the inside information with respect to the Acquisition was disclosed in the Announcement. Share prices thereafter, including the Share price as at the Latest Practicable Date, tend to have built in capital expectation of the benefits to the Company expected to accrue from the Acquisition.

Based on the above comparisons with the historical closing prices of the Shares during the Relevant Period and the Price Comparables, we are of the view that the Issue price is fair and reasonable.

### **5. Consideration Shares under the Specific Mandate**

When allotted and issued at Completion, the Consideration Shares will represent approximately (i) 7.13% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 6.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company prior to Completion).

The Consideration Shares are to be issued by the Company under the Specific Mandate to be granted by the Independent Shareholders to the Directors at the SGM. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue.

We have discussed with the Management on the appropriateness of the allotment and issue of the Consideration Shares. By the allotment and issue of the Consideration Shares, the Group will not have any immediate cash outflow.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As advised by the Company, it has considered that it is important to maintain sufficient cash resources for its development of its, i.e. Smart Office, businesses in view of the ongoing impact of the Pandemic. In considering and assessing other alternative financing methods to finance the Acquisition, the Company considered that the issuance of the Consideration Shares, in particular to the Seller, considered as an ICT industry leader, will put the Company in a position to better equip itself for the long-term business development of the Group when compare to other means of fund raising such as debt financing or other equity financing. Debt financing will incur additional financing costs, while other equity financing takes longer time to complete.

We noted that having considered the Issue Price represents a premium over the closing price of HK\$0.480 per Share as quoted on the Stock Exchange on the last full trading day prior to the date of the Acquisition Agreement, the Directors are of the view that it would be unattractive for placing agents or underwriters for placing of Shares, open offer or rights issue with a placing price or subscription price has a premium over the market price of Share; (ii) if the Company conducts private placement, rights issue or open offer assuming that the issue price is similar to the closing price of Share on the date of the Acquisition Agreement, the Company would need to issue larger number of new Shares to raise the funding size equal to that of the Consideration and the potential dilution effect to the public Shareholders will be higher than the dilution effect of the issue of the Consideration Shares; and (iii) placing of new Shares through a placing agent would need to pay placing commission, while no such commission is involved, we are of the view and concur with the Directors' view that the issue of the Consideration Shares is comparatively a more appropriate and viable means of settling the Consideration.

### ***Effect of the Acquisition on the shareholding structure of the Company***

With reference to the shareholding table in the section headed “(E) Shareholding Structure of the Company” of the Board Letter, assuming there is no other change in the issued share capital of, and the shareholding in, the Company from the Latest Practicable Date up to and including the Completion, the shareholding of the existing public Shareholders will decrease from approximately 60.62% to approximately 56.58% (assuming none of the outstanding share options will be exercised) and approximately 56.51% (assuming all the outstanding share options held by the Seller and its concert parties will be exercised) respectively, immediately after the issuance of the Consideration Shares. Accordingly, the dilution effect of the issuance of the Consideration Shares alone (assuming none of the outstanding share options will be exercised) represents a dilution of approximately 6.66%, and the combined dilution effect of the issuance of the Consideration Shares and the exercising of all the outstanding share options held by the Seller and its concert parties represents a maximum dilution of approximately 6.78%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the unaudited consolidated net asset value of approximately RMB0.54 (equivalent to approximately HK\$0.64) per Share as at 30 June 2020 and the adjusted unaudited consolidated net asset value of approximately HK\$0.62 per Share as at 30 June 2020 (assuming that the Acquisition had been completed as at 30 June 2020), the dilution effect of the Acquisition with the issuance of the Consideration Shares on the consolidated net asset value of the Group would be approximately 3.74%.

Although the shareholding interest of the existing public Shareholders will be diluted, having taking into account, among others, (i) the issue of the Consideration Shares is comparatively more appropriate and viable means of settling the Consideration; (ii) the optimistic prospects of the ICT industry; (iii) the benefits which are expected to be brought forth by the Acquisition; and (iv) the Group shall retain more cash for the development of its business and for general working capital needs, we are of the opinion that the dilution effect on the shareholding of the existing public Shareholders is acceptable.

### **6. Whitewash Waiver**

The issue of the Consideration Shares to the Seller will result in the increase in shareholding of the Seller and its concert parties in the Company from approximately 39.38% to approximately 43.42% (assuming that no Shares will be issued from the date of this announcement until Completion). Accordingly, such an increase will give rise to an obligation under Rule 26 of the Takeovers Code for the Seller to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and other securities issued by the Company not already held or agreed to be acquired by the Seller and its concert parties unless the Whitewash Waiver is obtained.

It is one of the conditions of the Acquisition Agreement that the Whitewash Waiver be granted by the Executive and be approved by the Independent Shareholders at the SGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Acquisition will not proceed.

Based on our analysis on the Acquisition, we consider that the Acquisition and the Consideration including the Issue Price are fair and reasonable and in the interests of the Independent Shareholders. If the Whitewash Waiver is not approved by the Independent Shareholders at the SGM, the Acquisition will not proceed. Hence, for the purpose of the successful Completion, we consider that the Whitewash Waiver is in the interests of the Independent Shareholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered of the principal factors and reasons stated in this letter, in particular the followings,

- (i) the entering of the Acquisition Agreement and the transactions contemplated thereunder is conducted in the ordinary course of the Group's business and that it is expected that the Target Assets will enhance the functionalities of Personify, create positive synergy and facilitate expansion of the Group's businesses;
- (ii) the improvement in the Group's revenue and profit for the six months ended 30 June 2020 as compared to that for the six months ended 30 June 2019 and was mainly driven by Smart Office segment as illustrated in the Group's IR2020;
- (iii) the increasing usage of ICT related solutions such as Video Conference as these solutions have noticeably shifted working and living habits and behaviors as mentioned in the ICT Report;
- (iv) the Acquisition will allow the Group to minimize the uncertainties of the continuity of the current licensing arrangement between Personify on one hand and the Seller and its associates on the other;
- (v) the Valuation, as a basis for determining the Consideration, was conducted in line with market practices and in our view, has formed a fair and reasonable basis for the assessment on the Consideration;
- (vi) the Issue Price represents premium over the Average Closing Price during the Review Period;
- (vii) the allotment and issue of the Consideration Shares will allow the Group to retain more cash for the development of its business and for general working capital needs under the Pandemic and was considered, as compared to other alternatives, as comparatively appropriate and viable means of settling the Consideration; and
- (viii) the successful of the granting of the Specific Mandate and the Whitewash Waiver are conditions precedent under the Acquisition Agreement, and will thus achieve Completion,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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we are of the view that, the entering of the Acquisition Agreement and the transactions contemplated thereunder is conducted in the ordinary and usual course of the business of the Group, the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and therefore, the said transactions are in the interests of the Independent Shareholders.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the SGM to approve the entering of the Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Whitewash Waiver.

Yours Faithfully,  
For and on behalf of  
**Veda Capital Limited**  
**Julisa Fong**  
*Managing Director*

*Ms. Julisa Fong is a licensed person registered with the SFC and a responsible officer of Veda Capital Limited which is licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity and has over 24 years of experience in corporate finance industry.*

## 1. SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated financial information of the Group for the financial year ended 31 March 2017, the nine months ended 31 December 2017, the financial years ended 31 December 2018 and 2019, as extracted from the accounts prepared in accordance with Hong Kong Financial Reporting Standards in the annual reports of the Company for the year ended 31 March 2017, the nine months ended 31 December 2017, the years ended 31 December 2018 and 2019, and the unaudited consolidated financial information of the Group for the six months ended 30 June 2019 and 2020 as extracted from the interim report of the Company for the six months ended 30 June 2020:

**Consolidated income statement**

	For the year ended 31 March 2017 RMB'000	For the nine months ended 31 December 2017 RMB'000	For the year ended 31 December 2018 2019 RMB'000 RMB'000		(Unaudited) For the six months ended 30 June 2019 2020 RMB'000 RMB'000 (Restated)	
<b>Continuing operations</b>						
Revenue	344,587	335,384	326,188	430,995	152,924	257,864
Cost of sales	<u>(197,525)</u>	<u>(230,522)</u>	<u>(200,357)</u>	<u>(353,790)</u>	<u>(124,989)</u>	<u>(218,869)</u>
<b>Gross profit</b>	147,062	104,862	125,831	77,205	27,935	38,995
Other income	241	159	5,666	3,743	2,186	3,456
Other gains, net	(3,928)	164	3,275	584	3,125	(1,782)
Selling and distribution expenses	(6,616)	(8,968)	(14,096)	(11,278)	(5,957)	(3,115)
General and administrative expenses	(28,068)	(40,175)	(52,690)	(55,028)	(20,640)	(26,935)
Loss allowances for trade and other receivables	<u>-</u>	<u>(219)</u>	<u>(57,193)</u>	<u>(1,429)</u>	<u>-</u>	<u>(227)</u>
<b>Operating profit</b>	108,691	55,823	10,793	13,797	6,649	10,392
Finance income	249	1,261	2,805	1,384	1,183	1,355
Share of result of an associate	<u>-</u>	<u>-</u>	<u>-</u>	<u>(353)</u>	<u>(274)</u>	<u>-</u>
<b>Profit before income tax</b>	108,940	57,084	13,598	14,828	7,558	11,747
Income tax expense	<u>(17,360)</u>	<u>(14,366)</u>	<u>(12,158)</u>	<u>(3,253)</u>	<u>(1,528)</u>	<u>(2,034)</u>
<b>Profit for the year/period from continuing operations</b>	91,580	42,718	1,440	11,575	6,030	9,713

*Note:* The Company changed its financial year end date from 31 March to 31 December in 2017 to align the financial year end date with its major operating subsidiaries in the PRC which are statutorily required to have their financial year end date set at 31 December. Accordingly, there was only nine months for the financial period ended 31 December 2017.



**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

	For the	For the nine	For the year ended		(Unaudited)	
	year ended	months ended	For the year ended		For the six months ended	
	31 March	31 December	31 December		30 June	
	2017	2017	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Restated)	
<b>Discontinued operations</b>						
(Loss)/profit for the year/period from discontinued operations	(25,787)	6,497	-	-	-	-
<b>Profit for the year/period</b>	<u>65,793</u>	<u>49,215</u>	<u>1,440</u>	<u>11,575</u>	<u>6,030</u>	<u>9,713</u>
<b>Basic earnings per share for profit attributable to ordinary equity holders of the Company</b>	<u>9.93</u>	<u>7.43</u>	<u>0.22</u>	<u>1.77</u>	<u>0.92</u>	<u>1.48</u>
<b>Diluted earnings per share for profit attributable to ordinary equity holders of the Company</b>	<u>9.93</u>	<u>7.43</u>	<u>0.22</u>	<u>1.77</u>	<u>0.92</u>	<u>1.48</u>
<b>Dividend paid</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Consolidated statement of comprehensive income**

	For the	For the	For the year ended		(Unaudited)	
	year ended	nine months	For the year ended		For the six months ended	
	31 March	ended 31	31 December		30 June	
	2017	December	2018	2019	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Total comprehensive income for the year/period attributable to owners of the Company</b>	<u>74,570</u>	<u>37,869</u>	<u>2,951</u>	<u>14,530</u>	<u>5,096</u>	<u>12,826</u>

The Group did not record any non-controlling interest for each of the year ended 31 March 2017, the nine months ended 31 December 2017, the years ended 31 December 2018 and 2019, and the six months ended 30 June 2019 and 2020.

The reporting accountant and auditor of the Company, PricewaterhouseCoopers, Certified Public Accountants in Hong Kong, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion, disclaimer of opinion or material uncertainty related to going concern) on the consolidated financial statements of the Group for each of the year ended 31 March 2017, the nine months ended 31 December 2017, and the years ended 31 December 2018 and 2019.

Save as disclosed in above, there were no items of any income or expense which was material in respect of the consolidated financial results of the Group for each of the year ended 31 March 2017, the nine months ended 31 December 2017, and the years ended 31 December 2018 and 2019.

## **2. CONSOLIDATED FINANCIAL STATEMENTS**

The Company is required to set out or refer in this circular the consolidated statements of financial position, the consolidated statement of cash flows, and any other primary statements as shown in (i) unaudited consolidated financial statements of the Group for the six months ended 30 June 2020 (the “**2020 Interim Financial Statements**”) and (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”), including significant accounting policies together with the accompanying notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2020 Interim Financial Statements are set out from page 17 to page 56 in the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”) which was published on 14 September 2020. The 2020 Interim Report was posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.maxnerva.com](http://www.maxnerva.com)), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0914/2020091400517.pdf>

The 2019 Financial Statements are set out from page 83 to page 191 in the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”) which was published on 28 April 2020. The 2019 Annual Report was posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.maxnerva.com](http://www.maxnerva.com)), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042801258.pdf>

The 2019 Financial Statements and 2020 Interim Financial Statements are incorporated by reference into this circular and form part of this circular.

**3. STATEMENT OF INDEBTEDNESS**

As at the close of business on 30 November 2020, being the most recent practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had lease liabilities under Hong Kong Financial Reporting Standard 16 of approximately RMB30.3 million relating to property and equipment leased by the Group as lessee.

For the purpose of the indebtedness statement, foreign currency amounts have been converted into RMB at the approximate rates of exchange prevailing as at 30 November 2020.

Save as disclosed above and apart from the intra-group liabilities and normal trade payables as at 30 November 2020, the Group did not have any other outstanding indebtedness, loan capital, bank overdrafts and liabilities under acceptances or acceptance credits, debentures, mortgages, charges, guarantees, loans, hire purchase commitments or other material contingent liabilities.

**4. MATERIAL CHANGE**

The Directors have confirmed that, save as disclosed in the interim report for the six months ended 30 June 2020 (the “**Current Period**”) of the Company, the Group recorded an unaudited profit of approximately RMB9.7 million for the six months ended 30 June 2020, as compared with that of approximately RMB6.0 million for the six months ended 30 June 2019 (the “**Previous Period**”), which was mainly attributable to the increase in revenue generated from the smart office business segment which increased by approximately RMB94.8 million from approximately RMB39.6 million for the Previous Period to approximately RMB134.4 million for the Current Period, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

*The following is the full text of a report from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, in connection with the valuation of the Target Assets as at 30 November 2020, prepared for the purpose of incorporation in this circular.*



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited  
7/F One Taikoo Place 979 King's Road Hong Kong  
tel +852 2846 5000 fax +852 2169 6001  
Licence No.: C-030171

22 February 2021

The Board of Directors  
**Maxnerva Technology Services Limited**  
Room 1001, 10/F  
Houston Centre  
63 Mody Road  
Tsim Sha Tsui East  
Kowloon, Hong Kong

Dear Sirs,

In accordance with the instructions from Maxnerva Technology Services Limited (the “**Company**”), Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**”) has undertaken a valuation exercise which requires us to express an independent opinion on the market value of the technology, being the Target Assets as defined in the circular of the Company dated 22 February 2021 (the “**Subject**”) held by Foxconn (Far East) Ltd. (“**Foxconn**” or the “**Seller**”) and currently licensed to Personify Inc. (the “**Personify**” or the “**Buyer**”) as at 30 November 2020 (the “**Valuation Date**”). The report which follows is dated 22 February 2020 (the “**Report Date**”).

The purpose of this valuation is for the Company’s internal reference and inclusion in its public disclosure.

Our valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

## **BACKGROUND**

Personify is a company incorporated in Delaware, US on 18 December 2019 and is wholly owned by the Company. Personify is principally engaged in developing and promoting video conference related solutions which primarily include two software applications, namely, “Presenter” and “ChromaCam”, under a licence to use the Target Assets.

“Presenter” uses computer vision and deep learning technique to digitally extract the user from the image. This “persona” of the user can be embedded over any application to create an immersive recording that helps connect remote users and shorten sales cycles. “ChromaCam” creates a virtual “webcam” that can be used in any application to blur or replace the background.

### **SOURCES OF INFORMATION**

In conducting our valuation of the Subject, we have reviewed information including, but not limited to:

- Background of the Subject and relevant information;
- Historical financial information of Personify for the 10-month period ended 30 November 2020;
- List of patents associated with the Subject; and
- Other operation and market information in relation to the business of the Subject.

We have held discussions with management of the Company and conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information to be reliable and legitimate, and we have relied to a considerable extent on the information provided in arriving at our conclusion of value.

### **BASIS OF OPINION**

We have conducted our valuation in accordance with International Valuation Standards issued by International Valuation Standards Council (“**IVSC**”). The valuation procedures employed include a review of legal status and economic condition of the Subject and an assessment of key assumptions, estimates and representations made by the proprietor or the operation of the Subject. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition of the Subject;
- Market-driven investment returns of companies engaged in similar lines of business;
- Financial and business risk of the business including continuity of income;

- Consideration and analysis on the micro and macro economy affecting the business of the Subject; and
- Assessment of the liquidity of the business of the Subject.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the Subject.

### **VALUATION METHODOLOGY**

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

**Market Approach** considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

**Cost Approach** considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present in the assets, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

**Income Approach** is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Given the unique characteristics of the Subject, there are substantial limitations for the income approach and the cost approach for valuing the Subject. Firstly, the income approach requires subjective assumptions to which the valuation is highly sensitive. Detailed operational information and long-term financial projections are also needed to arrive at an indication of value but such information is not available as at the Valuation Date. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by the Subject's business.

In view of the above, we have adopted the market approach for the valuation. The market approach can be applied through two commonly used methods, namely guideline public company method and the comparable transaction method. The comparable transaction method utilizes information on transactions involving assets that are same or similar to the Subject. However, for this particular valuation exercise, it is difficult to acquire sufficient and timely information of such kind of transaction. Therefore, in this valuation exercise, the market value of the Subject is developed through the guideline public company method.

This method requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the market value of the Subject.

Price to sales multiple ("**P/S Multiple**") is considered the most appropriate in appraising the market value of the Subject based on the following reasons:

- In this valuation, the valuation subject is the technology asset instead of the entire business operations of Personify. Instead of using the gross sales revenue of Personify in the calculation which would generate the value of the entire business, we have quantified the economic benefit directly attributable to the Subject by calculating a theoretical royalty income to be generated from out-licensing the Subject; and
- Using multiples benchmarking earnings would require estimation of maintenance cost of the Subject and such estimation would involve numerous assumptions.

As P/S Multiple of the comparable companies have assumed perpetual cash flow while the Subject has a finite useful life, we have made the corresponding adjustments in relation to the useful life to arrive at the market value.

**MAJOR ASSUMPTIONS**

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following key assumptions in determining the market value of the Subject have been made:

- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Subject;
- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honoured;
- We have been provided with copies of relevant operation and market information of the Subject. We have assumed such information to be reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value;
- We have assumed the accuracy of the financial and operational information provided to us by the Company and relied to a considerable extent on such information in arriving at our opinion of value; and
- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

**SUMMARY OF MARKET APPROACH****Calculation of P/S Multiple**

In determining the market multiple, a list of comparable companies was identified. The selection criteria include the followings:

- The companies derive most, if not all, of their revenues from the same industry or closely related industry of the Subject, i.e. development of computer vision technology and related software;
- The comparable companies are searchable in Bloomberg;



- The comparable companies are publicly listed in the US and/or Hong Kong and/or PRC exchange<sup>1</sup>; and
- Sufficient data, including the P/S Multiple as at the Valuation Date of the comparable companies is available.

As sourced from Bloomberg, an exhaustive list of comparable companies satisfying the above criteria was obtained. The details of the comparable companies which are considered as fair and representative samples are listed below:

<b>Bloomberg Ticker</b>	<b>Company Name</b>	<b>Company Description</b>
VRRM US Equity	Verra Mobility Corp	Verra Mobility Corporation designs and develops mobility software. The company offers speed, bus lane, railroad crossing, and school bus top arm enforcement and enforcement ticketing, as well as crash reports and video-enabled crime data analysis solutions. Solutions offered by this company are essentially developed based on video analytics technology, for instance, the automated license plate recognition system which could capture license plate number for vehicle passing by the camera. Verra Mobility serves customers worldwide.
VERI US Equity	Veritone Inc	Veritone, Inc. operates as a cloud-based artificial intelligence media technology company. The company develops a cloud-based ecosystem that enables real-time audio and video processing, audience analytics, search, retrieval, replay, and share capabilities. Veritone offers visual and audio discovery applications. Veritone mainly serves customers in the US.

<sup>1</sup> The stock exchanges were the top three stock exchanges in the world as of the Valuation Date in terms of market capitalisation and IPO fund raised in 2020. The multiples of comparable companies listed in the US and/or Hong Kong and/or PRC are considered to be more representative.

Bloomberg Ticker	Company Name	Company Description
WIMI US Equity	WiMi Hologram Cloud Inc	<p>WiMi Hologram Cloud is a computer vision technology-led company in China. Its business covers multiple links of the Hologram AR technology, including Hologram computer visual AI synthesis, Hologram visual presentation, Hologram interactive software development, Hologram AR online and offline advertising, Hologram ARSDK payment, as well as 5G Hologram communication software development. AR (“<b>Augmented Reality</b>”) is essentially computer vision technology as it superimposes virtual information in the real world, that is, to “enhance” reality. This enhancement can come from sight, hearing, and even touch. The main purpose is to integrate the real world and the virtual world in the senses. Among them, the cognition of the real world is mainly reflected in vision, which requires the use of cameras to help obtain information, and feedback in the form of images and videos. WiMi Hologram Cloud serves customers in China.</p>
RNWK US Equity	RealNetworks Inc	<p>RealNetworks, Inc. develops and markets software products and services. The company’s software and services enable the creation and real-time delivery and playback of audio, video, text, animation, and other media content over the Internet and intranets on both a live and on-demand basis. RealNetworks serves customers worldwide.</p>
688088 CH Equity	Arcsoft Corp Ltd	<p>ArcSoft Corporation Limited provides computer vision artificial intelligence technology services. The company offers computer vision artificial intelligence technologies for enabling advances camera applications among smart phones, smart cars, smart homes, smart retail, Internet video, and other fields. ArcSoft provides services worldwide.</p>

<b>Bloomberg Ticker</b>	<b>Company Name</b>	<b>Company Description</b>
002990 CH Equity	Maxvision Technology Corp	Maxvision Technology Corp. engages in research, development, production, and sales of smart products based on biometrics, image and video analysis, electromechanical automatic control, and artificial intelligent. It also provides intelligent system solutions, including customs passenger facial recognizing intelligent inspection channel, intelligent luggage detection system, multi-functional intelligent inspection platform, one-stop electronic inspection and release system for vehicles, service robot and others. The company's products are principally developed based on its computer vision technology. Maxvision mainly serves customers in China.
688011 CH Equity	Harbin Xinguang Optic- Electronics Technology Co Ltd	Harbin Xinguang Optic-Electronics Technology Co., Ltd. mainly engaged in the research and development of advanced weapon systems focusing on providing high-precision components such as optical targets and scene simulation. The system is principally developed based on computer vision technology. Harbin Xinguang Optic-Electronics Technology also manufactures and sells dynamic scene simulator products. The company mainly serves customers in China.

As the comparable companies derived most, if not all, of their revenues from the same industry or closely related industry of the Subject, i.e. development of computer vision technology and related technology, these companies are considered relevant to the Subject even though they may not serve in the same geographical location.

As P/S Multiple of the comparable companies have assumed perpetual cash flow while the Subject has a finite life, we referred to following formula for the pricing multiple adjustments:

$$\text{Adjusted P/S Multiple} = (1 - (1 + (1/M))^{-t}) / (1/M)$$

where:

M = The base P/S Multiple

t = Useful life of the Subject

In this valuation, with P/S Multiple as the base multiple M, the reciprocal of M becomes the ratio of sales to market value (i.e. S/P). The ratio of S/P is the general formula to arrive at the capitalization rate applicable to sales. We then proceeded to make the necessary adjustments to the capitalization rates observed from the comparable companies and come up with the capitalization rate suitable to the Subject.

For the parameter “t”, it was used as an adjustment to reflect the difference in useful life between the comparable companies and the Subject. While the remaining legal life of the patents indicates the limit of its economic useful life, the economic useful life of the technology might be shorter than its legal life due to various factors, for instance, the technology life cycle and the degree of difficulty for competitors to develop similar technology. To determine the useful life of the Subject, an exhaustive list of transactions over the past 3 years involving similar technology with public disclosure on their respective useful lives was identified. Although the most recent transactions are more reflective of the current market conditions, we expanded the scope of the search to 3 years to obtain sufficient number of transactions. 3 transactions, which were considered as fair and representative samples, were found to contain sufficient information from public sources for the analysis. The useful lives of similar technology are, in average, 8 years and is adopted as the useful life of the Subject.

Applying on the pricing multiple adjustment formula and the results of the adjusted factors on “t” as above, after the adjustment on the base P/S Multiples, the adjusted P/S Multiples of the comparable companies are listed as below:

Bloomberg Ticker	Company Name	Base P/S Multiple (M)*	Adjusted P/S
			Multiple $(1 - (1 + (1/M))^t) / (1/M)$
VRRM US Equity	Verra Mobility Corp	4.83	3.76
VERI US Equity	Veritone Inc	13.23	5.84
WIMI US Equity	WiMi Hologram Cloud Inc	12.51	5.75
RNWK US Equity	RealNetworks Inc	0.42	0.42 <sup>^</sup>
688088 CH Equity	Arcsoft Corp Ltd	42.48	7.21
002990 CH Equity	Maxvision Technology Corp	7.89	4.85
688011 CH Equity	Harbin Xinguang Optic-Electronics Technology Co Ltd	34.39	7.05
<b>Mean</b>			<b>5.74</b>

Note:

\* P/S Multiples after Bloomberg adjustments, retrieved from Bloomberg.

<sup>^</sup> P/S Multiple of RealNetworks Inc is considered as an outlier as (i) it is not within 1 standard deviation of the mean of the samples and (ii) the P/S Multiple of RealNetworks Inc experienced significant volatility during the period as it went through significant acquisition and disposal. As such, P/S Multiple of RealNetworks Inc has taken out from our analysis.

### Calculation of royalty income

In this valuation, the valuation subject is the technology asset instead of the entire business operations of Personify. Using the gross sales revenue of Personify in the calculation would generate the value of the entire business. To capture the value of the Subject, only economic benefit directly attributable to the Subject shall be used. Thus, royalty income, instead of the gross sales revenue, was adopted in the calculation of the market value of the Subject since it represented the market return to the owner directly attributable to the Subject when it is out-licensed. Capitalisation of the royalty income with the above mentioned adjusted P/S Multiples would represent the market value of the Subject.

Royalty Income is derived by the annualised revenue of Personify multiplied by the market royalty rate. The annualised revenue is calculated by annualising the average historical monthly revenue of Personify from March to November 2020. An exhaustive list of licensing agreements of technology similar to the Subject sourced from Royalty Source Intellectual Property Database<sup>2</sup> was identified.

To obtain the applicable royalty rates, the following selection criteria was applied:

- Revenue or gross sales as royalty calculation base; and
- Agreement that concluded over the past 7 years.

We focused on the licensing agreements or arrangements with revenue or gross sales as the basis of charging royalty payments as costs structure can be significantly different from firm to firm. Thus, revenue or gross sales are considered to be a fair and objective basis as compared to calculation basis benchmarking earnings.

Although the most recent transactions are more reflective of the current market conditions, we expanded the scope of the search to 7 years to obtain sufficient number of transactions. Four licensing agreements of technology similar to the Subject, which were considered as fair and representative, were found to satisfy the above criteria. The resulted transacted royalty rates are, in average, 23% and is adopted as the market royalty rate.

		<b>Amount</b>
Average Monthly Revenue of		
Personify (USD Thousand)	A	190
Annualised Revenue (USD Thousand)	B	2,274
Market Royalty Rate (%)	C	23
<b>Royalty Income (USD Thousand)</b>	<b>D = B * C</b>	<b>523</b>

#### CALCULATION OF VALUATION RESULT

Under the guideline public company method, the market value depends on the market multiples of the comparable companies derived from Bloomberg as at the Valuation Date. The average of adjusted P/S Multiple was adopted in the valuation, then multiplied by the royalty income to determine the market value of the Subject.

<sup>2</sup> Royalty Source Intellectual Property Database is a data provider in the intellectual property industry, with 30 years of experience. The primary source of Royalty Source Intellectual Property Database is the US SEC Filings which ensures the accuracy and reliability of the data.

The calculation of the market value of Subject as at the Valuation Date is as follows:

<b>As at Valuation Date</b>		<b>Amount</b>
Adopted P/S Multiple	A	5.74
Royalty Income (USD Thousand)	B	523
<b>Market Value of the Subject (USD Thousand)</b>	<b>C = A * B</b>	<b>3,005</b>

#### VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and JLL.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Company over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, it has come to our attention that the outbreak of Novel Coronavirus disease (COVID-19) has caused significant disruption to economic activities around the world. This disruption has increased the risk of the financial assumptions not being achieved. It may also have a negative impact towards investment sentiment, and hence any form of required rate of return as well as liquidity of any asset. As of the Report Date, it is uncertain how long the disruption will last and to what extent it will affect the economy. As a result, it has caused volatility and uncertainty that values may change significantly and unexpectedly even over short periods. The period required to negotiate a transaction may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the asset. While we are not aware of any material changes to the Subject between the Valuation Date and the Report Date, you are recommended to keep the valuation of the Subject under frequent review.

This report is issued subject to our Limiting Conditions as attached.

**INDEPENDENCE DECLARATION**

We confirm that to the best of our knowledge and belief, we are independent of the Company, and have not contravened any independence requirements stipulated as per our professional memberships. Our fee is not contingent upon our conclusion of value.

We also understand that the Directors have confirmed that they have complied with the Guidance note on directors' duties in the context of valuations in corporate transactions issued by the SFC on 15 May 2017.

**OPINION OF VALUE**

Based on the results of our investigations and analyses, we are of the opinion that the market value of the Subject as at the Valuation Date is reasonably stated at the amount of **USD 3,005,000**.

Yours faithfully,

For and on behalf of

**Jones Lang LaSalle Corporate Appraisal and Advisory Limited**

**Simon M.K. Chan**

*Executive Director*

*Note:* Mr. Simon M.K. Chan is a fellow (FCPA) of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS) where he now serves on their North Asia Valuation Practice Group. He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services, including but not limited to the valuation of intellectual properties, to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.



**LIMITING CONDITIONS**

1. In the preparation of this report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Company/and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our report was used as part of the analysis of the Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Company.
2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.
3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.
4. The board of directors and the management of the Company have reviewed and agreed on the report and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.
5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from the Company. Such kind of additional work may incur without prior notification to the Company.
6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.
7. The use of and/or the validity of the report is subject to the terms of the engagement agreement entered between the Company and us and the full settlement of the fees and all the expenses.
8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.
10. This report has been prepared solely for internal use purpose. The report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not be liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.
11. This report is confidential to the Company and the calculation of values expressed herein is valid only for the purpose stated in the engagement letter/or proposal as at the Valuation Date. In accordance with our standard practice, we must state that this report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.
12. Where a distinct and definite representation has been made to us by parties interested in the Subject, we are entitled to rely on that representation without further investigation into the veracity of the representation.
13. The Company agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of our services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if we have been advised of their possible existence.

14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist. We do not conduct or provide such kind of assessments and have not considered the potential impact to the Subject. Readers are encouraged to obtain a professional assessment on the effect on the value of the asset due to environmental, structural, engineering, auditing matters.
15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.
16. This report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Company and other sources. Actual transactions involving the Subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time.
17. The board of directors, management, staff, and representatives of the Company have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

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**APPENDIX III                      LETTER FROM SOMERLEY IN RELATION TO THE  
VALUATION REPORT OF THE TARGET ASSETS**

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*The following is the text of a letter received from the financial adviser to the Company, Somerley Capital Limited, addressed to the Board and prepared for the sole purpose of inclusion in this circular.*



**SOMERLEY CAPITAL LIMITED**  
20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

22 February 2021

The Board of Directors  
Maxnerva Technology Services Limited  
Room 1001, 10/F  
Houston Centre  
63 Mody Road  
Tsim Sha Tsui East  
Kowloon, Hong Kong

Dear Sirs,

We refer to the valuation report (the “**Valuation Report**”) of the Target Assets prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the “**Valuer**”) as set out in appendix II to this circular (the “**Circular**”), of which this letter forms part. We are required to report on the Valuation Report under Rule 11.1(b) of the Takeovers Code. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

We have reviewed the Valuation Report and discussed with the management of the Group and the Valuer regarding the Valuation Report, including the bases and assumptions set out therein. We have also conducted reasonable check to assess the qualifications and experience of the Valuer and Simon M.K. Chan (“**Mr. Chan**”, the executive director of the Valuer) for compiling the Valuation Report, including reviewing the supporting documents on the qualifications of the Valuer and Mr. Chan and discussed with the representatives of the Valuer and Mr. Chan on their qualifications and experience, particularly in relation to the valuation of intellectual properties or intangible assets. We have also reviewed the relevant track record of Mr. Chan to assess his knowledge, skills and understandings necessary to conduct the valuation of the Target Assets.

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**APPENDIX III                      LETTER FROM SOMERLEY IN RELATION TO THE  
VALUATION REPORT OF THE TARGET ASSETS**

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We have relied on the information and materials supplied, and the opinions expressed to us, by the management of the Group and the Valuer which we have assumed to be true, accurate, complete and not misleading in all material aspects at the relevant time they were supplied or expressed. We have no reason to believe that any material information has been withheld from us, or to doubt the truth, accuracy or completeness of the information provided.

Our work does not constitute any valuation of the Target Assets. Our opinion in this letter has been given for the sole purpose of compliance with Rule 11.1(b) of the Takeovers Code. We and our respective director and affiliates will not, whether jointly or severally, be responsible to anyone other than the Company for providing advice in connection with the foregoing, nor will we, our respective director and affiliates, whether jointly or severally, owe any responsibility to anyone other than the Company. Nothing in this letter should be construed as an opinion or recommendation to any person as to how to vote on the Acquisition (including the grant of the Specific Mandate) and the Whitewash Waiver. Shareholders are recommended to read all information as set out in the Circular.

On the basis of the foregoing, we are of the opinion that the bases and assumptions set out in the Valuation Report, for which the directors of the Company are solely responsible, have been made by the Valuer after due care and consideration. We are also satisfied that the Valuer and Mr. Chan have the qualifications and experience to compile the Valuation Report.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**Danny Cheng**  
*Director*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular (other than those relating to the Target Assets, the Seller, Hon Hai and their respective concert parties), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the directors of the Seller and Hon Hai) have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

The directors of the Seller and Hon Hai jointly and severally accept full responsibility for the accuracy of the information contained in this circular relating to the Target Assets, the Seller, Hon Hai and their respective concert parties, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the directors of the Seller and Hon Hai in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

## 2. MARKET PRICES

- (a) The table below sets out the closing prices of the Shares quoted on the Stock Exchange on (i) the last trading day before the date of the Announcement; (ii) the last trading day of each of the calendar months during the Relevant Period; and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
30 June 2020	0.280
31 July 2020	0.330
31 August 2020	0.300
30 September 2020	0.440
30 October 2020	0.560
30 November 2020	0.550
23 December 2020 (being the Last Trading Date)	0.480
24 December 2020 (being the last trading day before the date of the Announcement)	0.530
31 December 2020	0.490
29 January 2021	0.750
19 February 2021 (being the Latest Practicable Date)	0.820

- (b) The lowest and the highest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.275 on 29 June 2020 and HK\$0.960 on 9 February 2021, respectively.

## 3. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following Completion were/will be as follows:

### (i) As at the Latest Practicable Date

#### Authorised

	<i>HK\$</i>
<u>1,000,000,000</u> Shares of HK\$0.1 each	<u>100,000,000.00</u>

#### Issued and fully paid or credited as fully paid:

	<i>HK\$</i>
<u>654,863,448</u> Shares of HK\$0.1 each	<u>65,486,344.80</u>

## (ii) Immediately following Completion

## Authorised

HK\$

<u>10,000,000,000</u>	Shares of HK\$0.1 each	<u>100,000,000.00</u>
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## Issued and fully paid or credited as fully paid:

HK\$

654,863,448	Shares as at the Latest Practicable Date	65,486,344.80
	Consideration Shares to be allotted and issued	
<u>46,680,000</u>	upon Completion	<u>4,668,000.00</u>
<u>701,543,448</u>	Shares	<u>70,154,344.80</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights in respect of capital, dividends and voting.

The Shares are listed and traded on the Main Board of the Stock Exchange. No Shares are listed on or dealt in, nor is any listing of or permission to deal in the Shares being, or proposed to be, sought on any other stock exchange.

## Share Option Scheme

As at the Latest Practicable Date, the Company had outstanding share options granted under the Share Option Scheme entitling the holders thereof to subscribe for an aggregate of 9,160,000 Shares, the details of which are set out below:

Number of Share Options	Exercise Price HK\$ per Share	Exercise period
3,500,000	1.684	31 August 2019 to 30 August 2027
<u>5,660,000</u>	0.686	12 November 2020 to 11 November 2028
<u>9,160,000</u>		

There had been no alteration to the authorised share capital and the issued share capital of the Company since 31 December 2019, being the date on which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date.



As at the Latest Practicable Date, except for the outstanding Share Options as disclosed above and the proposed allotment and issue of the Consideration Shares upon Completion, the Company had no outstanding convertible securities, options, warrants or conversion rights which affect the Shares.

#### 4. DISCLOSURE OF INTERESTS

##### (a) Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the then Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which were required, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), to be notified to the Company and the Stock Exchange, or which were required, pursuant to Section 352 of the SFO, to be entered in the register kept by the Company, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

##### *Long positions in the Company’s share of HK\$0.10 each*

Name of director	Number of issued ordinary shares/underlying shares attached to derivatives ordinary shares in issue				Percentage
	Personal interests	Associate interests	Corporate interests	Total interests	
Mr. CHIEN Yi-Pin	–	18,430,738 <i>(note 1)</i>	–	18,430,738	2.81%
Mr. CHENG Yee Pun	800,000 <i>(note 2)</i>	–	–	800,000	0.12%

*Notes:*

- The interest was held by Mr. CHIEN Yi-Pin’s wife, Ms. Kan, Sachiko. Accordingly, Mr. Chen Yi-Pin was deemed to be interested in the relevant shares under the SFO.
- Mr. Cheng is interested in 800,000 share options of the Company which could be exercised and subscribe for 800,000 Shares, of which 300,000 share options and 500,000 share options have exercise prices of HK\$1.684 and HK\$0.686 and exercise periods from 31 August 2019 to 30 August 2027 and from 12 November 2020 to 11 November 2028, respectively.

Save as disclosed above, so far as the directors are aware, as at the Latest Practicable Date, none of the then Directors nor the chief executive of the company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

**(b) Substantial shareholders' interests and short positions in the shares and underlying shares**

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Number or attributable number of Shares held	Nature of interests	Approximate percentage or attributable percentage of shareholding
FSK Holdings	239,504,122	Beneficial owner/ Beneficial interest	36.57%
Asia-IO Acquisition Fund	72,267,562	Beneficial owner	11.04%

*Note:*

Hon Hai indirectly holds 42.33% attributable equity interests in FSK Holdings. FSK Holdings is a limited partner of Asia-IO Acquisition Fund contributing to about 75% of its total commitment. The 239,504,122 Shares interested by FSK Holdings include the 72,267,562 Shares held by Asia-IO Acquisition Fund.

General partner of Asia-IO Acquisition Fund is Asia-IO Acquisition GP Limited which, in turn, is controlled by Mr. TSE Tik Yang, Denis, a former non-executive Director.

Save as disclosed above, the Company has not been notified of any other interest representing 5% or more of the share and recorded in the register required to be kept under Section 336 of the SFO as at the Latest Practicable Date.

Except (i) as disclosed above; and (ii) the Seller's interest in the Consideration Shares, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

As at the Latest Practicable Date, save for Mr. CHIEN Yi-Pin (executive Director) and Mr. Jeon Eui Jong (non-executive Director) who were directors of FSK Holdings, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of SFO.

## **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date:

- (i) none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which would not expire or was not determinable within one year without payment of compensation, other than statutory compensation;
- (ii) there were no service contracts between any of the Directors and the Company or any of its subsidiaries or associated companies which (including both continuous and fixed term contracts) had been entered into or amended within the Relevant Period;
- (iii) there were no service contracts between any of the Directors and the Company or any of its subsidiaries or associated companies which are continuous contracts with a notice period of 12 months or more; and
- (iv) there were no service contracts between any of the Directors and the Company or any of its subsidiaries or associated companies which are fixed term contracts with more than 12 months to run irrespective of the notice period.

## **6. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

## 7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

## 8. INTEREST IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at Last Practicable Date, there was no contract or arrangement in which any of the Directors were materially interested and which was significant to the business of the Group.

## 9. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of each of the experts who has provided advice for inclusion in this circular:

<b>Name</b>	<b>Qualification</b>
Somerley Capital Limited	A corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Veda Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”, together with Somerley Capital Limited and Veda Capital Limited, the “Experts”)	Independent valuer

As at the Latest Practicable Date, each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name or opinion in the form and context in which it appears.

As at the Latest Practicable Date, each of the Experts was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the Experts did not have any direct or indirect interest in any assets which had since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### **10. MATERIAL CONTRACTS**

Except for the Acquisition Agreement, no contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group after the date two years immediately preceding the date of the Announcement, and up to and including the Latest Practicable Date, and were or may be material.

#### **11. ADDITIONAL DISCLOSURE UNDER THE TAKEOVERS CODE**

As at the Latest Practicable Date:

- (i) except for entering into the Acquisition Agreement and as disclosed in the letter from the Board and under paragraph “4 – Disclosure of interests” above in this appendix, none of the Directors, directors of the Seller, the Seller and its concert parties owned or controlled or were interested in any other Shares, convertible securities, warrants, options or derivatives of the Company nor had any of them dealt for value in any shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;
- (ii) no person had irrevocably committed themselves to vote for or against the proposed resolutions approving the Acquisition (including the grant of the Specific Mandate) and the Whitewash Waiver;
- (iii) no member of the Seller and its concert parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person;
- (iv) no member of the Seller and its concert parties had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company nor had any of them dealt for value in any shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

- (v) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Seller and its concert parties and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Acquisition (including the grant of the Specific Mandate) and/or the Whitewash Waiver;
- (vi) none of the Company and the Directors owned or controlled or were interested in any shares, convertible securities, warrants, options or derivatives of the Seller nor had any of them dealt for value in any shares, convertible securities, warrants, options or derivatives of the Seller during the Relevant Period;
- (vii) none of the subsidiaries of the Company, pension fund of the Company or of a subsidiary of the Company, or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate in the Takeovers Code owned or controlled any shares, convertible securities, warrants, options or derivatives of the Company nor had any of them dealt for value in any shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;
- (viii) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code nor had any of them dealt for value in any shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;
- (ix) there was no shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis by fund managers connected with the Company nor had any of them dealt for value in any shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period;
- (x) Mr. Chien Yi-Pin, an executive Director, through his wife indirectly held 18,430,738 Shares, representing approximately 2.81% of the issued share capital of the Company. As Mr. Chien is presumed to be acting in concert with the Seller, the wife of Mr. Chien is required to abstain from voting at the SGM. The remaining Directors did not hold any relevant securities (as defined in Note 4 to Rule 22 to the Takeovers Code) of Company, hence no Director would be entitled to vote for or against any of the resolutions to be proposed at the SGM to approve the Acquisition (including the grant of the Specific Mandate) and the Whitewash Waiver;
- (xi) neither the Company nor any of the Directors had borrowed or lent any shares, convertible securities, warrants, options or derivatives of the Company;

- (xii) no benefit had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Acquisition (including the grant of the Specific Mandate) and/or the Whitewash Waiver;
- (xiii) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Acquisition (including the grant of the Specific Mandate) and/or the Whitewash Waiver or otherwise connected with the Acquisition, the grant of the Specific Mandate and/or the Whitewash Waiver; and
- (xiv) there was no material contract entered into by the Seller and its concert parties in which any Director had a material personal interest.

## 12. GENERAL

- (a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the principal place of business in Hong Kong is at Room 1001, 10/F, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Mr. TSANG Hing Bun. Mr. TSANG Hing Bun is a member of The Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Institute of Chartered Secretaries.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Abacus Limited, situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The auditors of the Company, PricewaterhouseCoopers, Certified Public Accountants, is located at 22/F, Prince's Building Central, Hong Kong.
- (e) The registered office of the Seller is at Scotia Centre PO Box 2804 4th Floor Grand Cayman Cayman Islands. The Seller is a company incorporated in Cayman Islands with limited liability and is wholly owned by Hon Hai. The board of directors of the Seller comprises two directors, namely Ms. YU HUANG Chiu-Lian and Mr. HUANG De-Cai. No Consideration Shares will be transferred, charged or pledged to any other persons by the Seller.
- (f) The registered office of FSK Holdings is at Room 901, The Lee Gardens, 33 Hysan Avenue, Hong Kong. FSK Holdings is a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company. The board of directors of FSK Holdings comprises three directors, namely Mr. CHIEN Yi-Pin, Mr. HONG Sung-Tai, Mr. JEON Eui Jong.

- (g) The registered office of Asia-IO Acquisition Fund is at c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. Asia-IO Acquisition Fund is an exempted limited partnership established in the Cayman Islands and a substantial shareholder of the Company. The general partner and the investment manager of Asia-IO Acquisition Fund are Asia-IO Acquisition GP Limited and Asia-IO Holdings Limited respectively, both of which are wholly owned by Mr. Tse Tik Yang Denis, a former non-executive Director.
- (h) The registered office of SK Holdings is at 26, Jong-ro, Jongno-gu, Seoul, South Korea. SK Holdings is a company listed on Korea Exchange (stock code: 034730) and its single largest shareholder is CHEY Tae-won, who holds 18.44% equity interest in SK Holdings. The board of directors of SK Holdings comprises 4 directors, namely CHEY Tae-won, JANG Dong Hyun, PARK Sung Ha and CHO Dae Sik, and 5 independent directors, namely HA Kum Loul, YEOM Jae Ho, LEE Chan Keun, KIM Byoung Ho and JANG Yong Suk.
- (i) The registered office of Pan-International is at No.97 An-shin Rd., Hsintein, New Taipei City, Taiwan, R.O.C.. Pan-International is a company listed on Taiwan Stock Exchange (stock code: 2328) and its single largest shareholder is Hon Hai, which holds 26.51% equity interest in Pan-International. The board of directors of Pan-International comprises 4 directors, namely LU Sung-Fa, HUANG Feng-An, HSIAO Jerry and TSAI Ming-Feng, and 3 independent directors, namely ZHENG Wen-Rong, HUANG Mian-Jing and WEI Min-Chang.
- (j) The registered office of Foxconn Technology is at NO.3-2 Chung-Shan Rd., Tu-Cheng City, Taipei Shein. R.O.C.. Foxconn Technology is a company listed on Taiwan Stock Exchange (stock code: 2354) and its single largest shareholder is Hon Hai, which holds 29.48% equity interest in Foxconn Technology. The board of directors of Foxconn Technology comprises 4 directors, namely LI Kuang-Yueh, CHENG Fang-Yi, LI Han-Ming and LI Hsueh-Kun, and 3 independent directors, namely LIN Sung-Shu, CHEN Yao-Ching and YU Hsiang-Tun.
- (k) The registered office of Hon Hai is at No. 2, Zihyou St., Tucheng District, New Taipei City. Hon Hai is a company listed on the Taiwan Stock Exchange (stock code: 2317) and its single largest shareholder is Mr. Gou Tai-Ming (Terry Gou), who holds 9.68% equity interest in Hon Hai. The board of directors of Hon Hai comprises six directors, namely Mr. LIU Young-Way, Mr. LEE Jay, Mr. GOU Tai-Ming (Terry Gou), Mr. LU Fang-Ming, Mr. LU Sung-Ching, Dr. LIU Yee-Ru Christina, and three independent directors, namely, Mr. WANG James, Mr. KUO Tei-Wei, Mr. KUNG Kuo-Chuan.
- (l) The financial adviser to the Company in respect of the Acquisition (including the grant of the Specific Mandate) and the Whitewash Waiver is Somerley whose address is at 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.



- (m) The Independent Financial Adviser is Veda Capital Limited whose address is at Suites 1001-02, 10/F, 299 QRC, 299 Queen's Road Central, Hong Kong.
- (n) The English text of this circular shall prevail over the Chinese text.

### **13. DOCUMENTS AVAILABLE FOR INSPECTION AND DOCUMENTS ON DISPLAY**

Copies of the following documents will be available for inspection (i) during normal business hours from 9:30 a.m. to 5:00 p.m. on any Business Day at the principal place of business of the Company in Hong Kong at Room 1001, 10/F, Houston Centre, 63 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong; (ii) on the website of the Company ([www.maxnerva.com](http://www.maxnerva.com)); and (iii) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)), from the date of this circular up to and including the date of the SGM.

- (a) the Acquisition Agreement;
- (b) the memorandum of association and bye-laws of the Company;
- (c) the annual reports of the Company for the financial years ended 31 December 2018 and 31 December 2019, and the interim report of the Company for the six months ended 30 June 2020;
- (d) the letter from the Board, the text of which is set out the section headed "Letter from the Board" of this circular;
- (e) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;
- (f) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" of this circular;
- (g) the valuation certificate and report from JLL in respect of the valuation of the Target Assets, the text of which is set out in appendix II to this circular;
- (h) the letter from Somerley on the valuation report of the Target Assets, the text of which is set out in appendix III to this circular;
- (i) the written consents referred to in the paragraph headed "Qualification and consent of experts" in this appendix; and
- (j) this circular.

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## NOTICE OF THE SGM

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**MAXNERVA**  
**雲智匯科技服務**

### **MAXNERVA TECHNOLOGY SERVICES LIMITED**

**雲智匯科技服務有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1037)**

### **NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of Maxnerva Technology Services Limited (the “**Company**”) will be held on Monday, 15 March 2021, at 3:00 p.m. at Unit B, 10/F, E168, 166-168 Des Voeux Road Central, Sheung Wan, Hong Kong to consider and, if thought fit, approve with or without modifications, the following resolutions as ordinary resolutions of the Company:

#### **ORDINARY RESOLUTIONS**

1. “**THAT:**

- (a) the acquisition (“**Acquisition**”) of the Target Assets (defined in in the circular of the Company dated 22 February 2021 (“**Circular**”), a copy of which marked “A” and signed by the chairman of the Meeting for identification purpose has been tabled at the Meeting) under the sale and purchase agreement dated 24 December 2020 and entered into among the Company, Personify Inc., a wholly-owned subsidiary of the Company, as buyer, and Foxconn (Far East) Ltd. as seller (“**Acquisition Agreement**“, a copy of the Acquisition Agreement marked “B” and signed by the chairman of the Meeting for identification purpose has been tabled at the Meeting) be and is hereby approved, confirmed and ratified and the Acquisition and all other transactions contemplated under the Acquisition Agreement (including but not limited to the allotment and issue of the Consideration Shares under the Specific Mandate (each as defined in the Circular)) be and are hereby approved;
- (b) the board (“**Board**“) of directors of the Company or a committee thereof be and is hereby specifically authorised to allot and issue the Consideration Shares in accordance with the terms of the Acquisition Agreement; and

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## NOTICE OF THE SGM

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- (c) the Board or a committee thereof be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deed on behalf of the Company and to do such other things and to take all such actions as they consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Acquisition and to agree to such variation, amendments or waiver or matters relating thereto (excluding any variation, amendments or waiver of such documents or any terms thereof, which are fundamentally and materially different from those as provided for in the Acquisition Agreement and which shall be subject to approval of the shareholders of the Company) as are, in the opinion of the Board or a committee thereof, in the interest of the Company and its shareholders as a whole.”
2. **“THAT** subject to and conditional upon:
- (a) the passing of the resolution number 1 in the notice of the Meeting; and
- (b) the granting of the waiver by the Executive Director of Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director of any obligation on the part of Foxconn (Far East) Ltd. (the **“Seller“**) to make a mandatory general offer to the holders of securities of the Company to acquire securities of the Company other than those already owned or agreed to be subscribed or acquired by the Seller and parties acting in concert with it which would otherwise arise under Rule 26.1 of the Takeovers Code (as defined in the Circular) (**“Whitewash Waiver“**) as a result of the allotment and issue of the Consideration Shares (as defined in the Circular) to the Vendor under the Acquisition (as defined in the Circular) and the satisfaction of any conditions that may be imposed thereon,

the Whitewash Waiver be and is hereby approved and the board of directors of the Company or a committee thereof be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as it considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or to implement the Whitewash Waiver.” *(Note 1)*

By Order of the Board  
**Maxnerva Technology Services Limited**  
**CHIEN YI-PIN**  
*Chairman*

Hong Kong, 22 February 2021

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## NOTICE OF THE SGM

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*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Head office and principal place of business:*

Room 1001, 10/F  
Houston Centre  
63 Mody Road  
Tsim Sha Tsui East  
Kowloon, Hong Kong

*Notes:*

1. Under the Takeovers Code (as defined in the Circular), the resolution number 2 above in relation to the Whitewash Waiver shall be approved by at least 75% of the independent vote that are cast either in person or by proxy by the Independent Shareholders (as defined in the Circular) at the Meeting.
2. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote on his behalf. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company.
3. Where there are joint holders of any Share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased member of the Company in whose name any share stands shall, for the purposes of the bye-laws of the Company, be deemed joint holders thereof.
4. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Hong Kong branch share registrar of the Company, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be) at which the person named in the instrument proposes to vote. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the Meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Record date (being the last date for registration of any share transfer given there will be no book closure) for determining the entitlement of the members of the Company to attend and vote at the Meeting will be Wednesday, 10 March 2021.

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## NOTICE OF THE SGM

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### PRECAUTIONARY MEASURES FOR SGM

The health of the shareholders of the Company (the “**Shareholders**”), staff and stakeholders of the Company is of paramount importance. To prevent and control the spread of the ongoing novel coronavirus (“**COVID-19**”) pandemic, the Company will implement the following at the Meeting as part of the control measures to safeguard the health and safety of the attending Shareholders, staff and stakeholders of the Company:

- (a) compulsory body temperature checks will be conducted for every attending Shareholder, proxy or other attendee at the entrance of the Meeting venue. Any person who has a body temperature of over 37.5 degree Celsius or is subject to the mandatory quarantine order imposed by the Hong Kong Government will be denied entry into or be required to leave the Meeting venue, and the Company will request such persons to stay in an isolated place for completing the voting procedures;
- (b) each attendee must wear a surgical face mask throughout the Meeting and inside the Meeting venue;
- (c) the Company will maintain a safe distance between seats;
- (d) no refreshments and beverages will be served;
- (e) no distribution of coupons for subsequent consumption; and
- (f) attendees will be accommodated in separate partitioned rooms or areas of not more than 20 persons (or such number as may be allowed under the Prevention and Control of Disease (Prohibition or Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong)) each.

In addition, the Company would like to remind all attending Shareholders that physical attendance in person at the Meeting is not necessary for the purpose of exercising voting rights. The Company strongly encourages the Shareholders to consider appointing the chairman of the Meeting as their proxy to vote as instructed by the Shareholders on the relevant resolutions at the Meeting, instead of attending the Meeting in person.

In the event of any regulation imposed by the Hong Kong Government due to COVID-19 requiring the change of the date or place of the Meeting, the Company will publish an announcement on the websites of both the Company ([www.maxnerva.com](http://www.maxnerva.com)) and the HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify the Shareholders that the Meeting has been adjourned (however, a failure to publish such a notice shall not affect the adjournment of such meeting). The Company will publish a further announcement on its corporate website ([www.maxnerva.com](http://www.maxnerva.com)) and the HKEXnews’ website ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify the Shareholders of the date, time and location of the adjourned Meeting.